Kāinga Ora
Homes and Communities

Focused

on building
brighter futures

TAUĀKĪ WHĀINGA MAHI
STATEMENT OF PERFORMANCE EXPECTATIONS
2023/24

Contents

Board statement of responsibility

Kāinga Ora – Homes and Communities is a Crown agency 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 2023/24 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
30 June 2023

Countersigned

John Duncan
Deputy Chair
30 June 2023

The year ahead

At Kāinga Ora – Homes and Communities we have two core roles:

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

Our legislative framework has put in place operating principles to guide our mahi in carrying out our core roles to make a positive impact on communities across Aotearoa New Zealand.

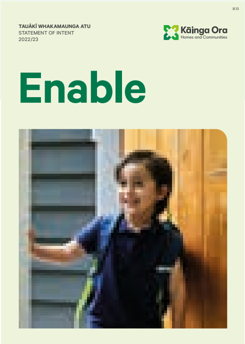
The year ahead presents us with the opportunity to continue our focus on how we contribute to the future wellbeing of generations.

The purpose of this document

This Statement of Performance Expectations (SPE) outlines what we will deliver in 2023/24 and how we will measure our progress. It enables our responsible Ministers to participate in setting the 2023/24 performance expectations for Kāinga Ora, informs Parliament of those expectations and provides a base against which our actual performance can be assessed at year end.

The targets and deliverables in this document are informed by our governing legislation together with the ambitious priorities of the Government and our Ministers so that we play a pivotal role in tackling housing challenges and transforming housing and urban development in Aotearoa New Zealand. This SPE should be read in conjunction with our Statement of Intent (SOI) which outlines what we will achieve over the next four years, including our ambitions and strategic intentions for building better, brighter homes and communities across the motu.

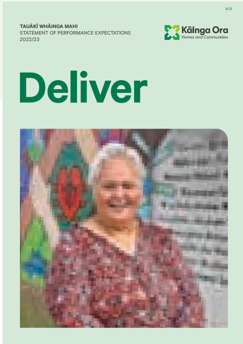
Performance against the measures in our SPE and SOI (where possible) are assessed and reported quarterly to the Minister of Housing and the Associate Ministers of Housing, and yearly in our Annual Report. Kāinga Ora publishes our SPE, SOI, Annual Report and quarterly performance updates on our website. The following chart depicts the relationship between our SPE, SOI and Annual Report.



Statement of Intent (SOI)

Minimum four-year horizon - (updated more regularly if needed) that sets out long-term vision and goals to ground our planning in:

- strategic objectives
- nature and scope of role
- plans to deliver
- plans for building organisational health and capability
- how performance will be assessed.



Statement of Performance Expectations (SPE)

One-year horizon - Sets out what will be delivered, how performance will be assessed, and forecast financial information. It provides an annual view of our performance aligned to our four-year horizon SOI.

Annual Report

One-year horizon - Sets out how Kāinga Ora has performed over a particular financial year against our strategic objectives and performance expectations.

Our focus for 2023/24

Areas of emphasis in the 2023/24 year will include:

- **delivery**
- **dealing with the response and recovery from the recent weather events**
- **embedding a customer focus**
- **contributing to transformation of the housing sector**
- **ensuring financial efficiency.**

Delivery

We will be focused on ensuring we deliver as many houses as possible for New Zealanders. Particularly, public housing. Through our urban development activity, traditional pipeline, or innovation we will partner effectively with the wider development community and collaborate with Māori/iwi to grow our housing portfolio and progress and support the Public Housing Plan. We will use all our resources to provide a home for as many whānau as possible so they can experience the health, security and lifelong benefits that come with the homes we deliver.

Dealing with the response and recovery from the recent weather events

We continue to assess the effects from adverse weather events in January and February 2023; we acknowledge that there will be delays and financial impacts as a result. We are assessing the impact on the communities in which we have homes and the condition of our homes. Once we have that clear picture, we will know what is required of us. We expect our June 2024 housing delivery targets may be affected by a few months.

Embedding a customer focus

We are embedding a whānau-centred wellbeing approach to tenancy management to ensure customers feel supported. Kāinga Ora recognises how important having a stable home is to all aspects of a person's life – from education and employment to physical and mental health. We have sought to undertake our role in a way that enables this stability.

Contributing to transformation of the housing sector

We aim to achieve innovation and productivity improvements in housing supply in line with our legislation which respond and adapt to evolving demand. We can achieve this through our urban development expertise through the Specified Development Project (SDP), along with Large-Scale Projects master-planning, Kāinga Ora Land Programme and our Housing Delivery System (previously known as Project Velocity) that accelerates the pace at which Kāinga Ora builds quality houses, while also reducing costs. We will partner authentically and effectively across the housing system.

Ensuring financial efficiency

Working internally and with our delivery partners to focus on how more efficient methods and processes can play a part in transforming and future-proofing our use of resources. This includes ensuring the financial sustainability of Kāinga Ora. We will mitigate increasing costs through those more efficient methods as well as taking a long-term fiscally responsible approach to how we manage our assets.

Who we are

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

Wellbeing through places and communities

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 Corporation, its subsidiary HLC (Homes, Land, Community), and the KiwiBuild Unit.

Our portfolio contains more than 70,600 public, transitional, and Community Group Housing (CGH) homes which are provided to the people and whānau in our communities who need them most. In 2021/22, our housing portfolio was valued at $46.4 billion. Kāinga Ora is also an urban development agency, developing land to enable public, affordable and market housing in areas of high demand, and an administrator of numerous funds and programmes on behalf of the Government.

Our vision

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.

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

The Government Policy Statement on Housing and Urban Development 2021 (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 are detailed in our new 2022-2026 Statement of Intent (SOI).

Our outcomes

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

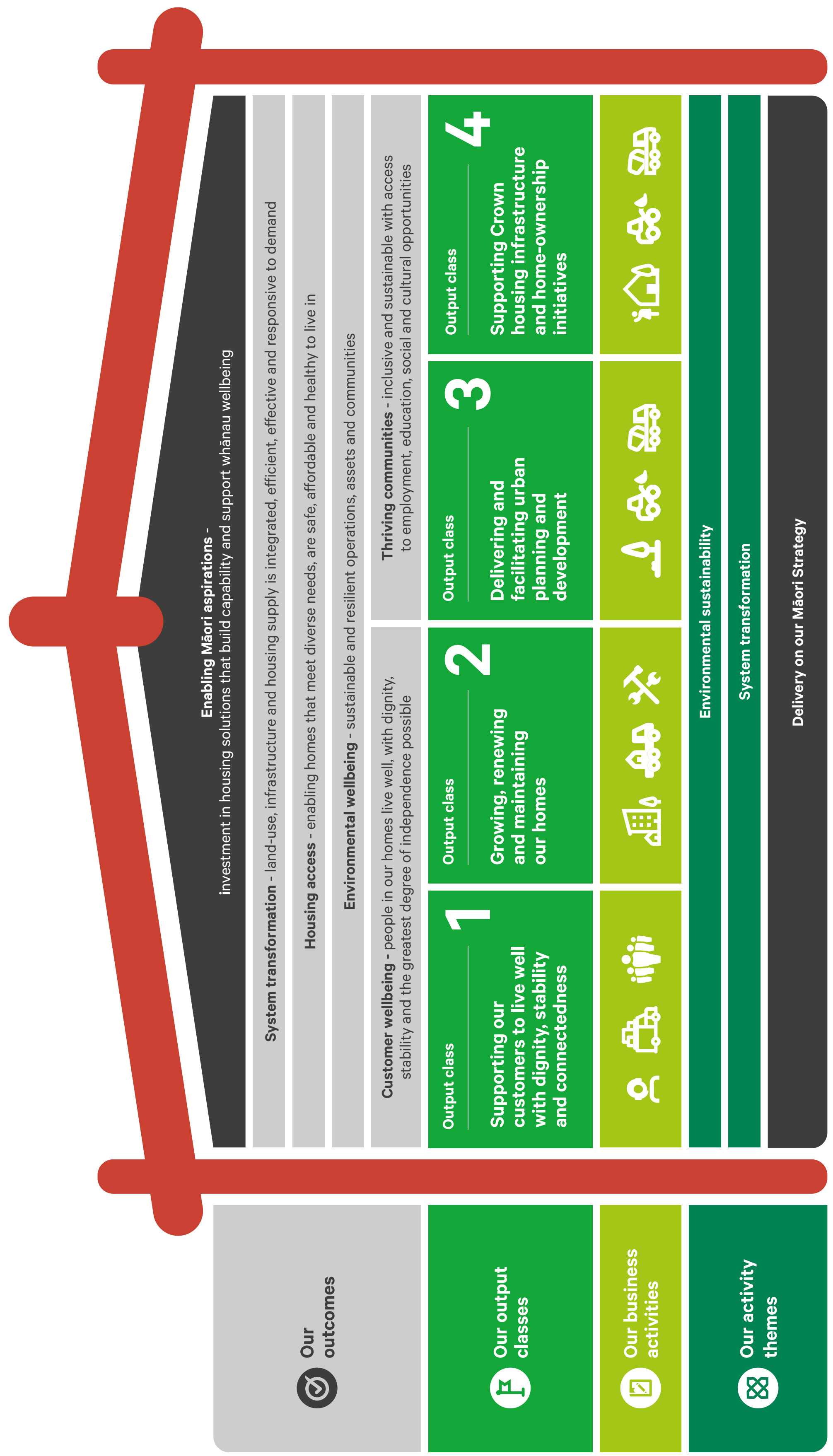
OUTCOMES	SUPPORTING GPS-HUD OUTCOMES
Māori aspirations Investment in housing solutions that build capability and support whānau wellbeing	Partnering for Māori housing and urban solutions
Customer wellbeing People in our homes live well, with dignity, stability and the greatest degree of independence 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 outputs

Our four output classes represent the activities we undertake for our customers, their whānau and their communities. Our measures then represent the activities we will monitor to ensure we stay on track in delivering our goals.

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

How our outputs contribute to our broader outcomes



- Our SPE output structure and associated business activities are centred 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 implementation of our Māori Strategy.
- Environmental sustainability and system transformation are being embedded across everything we do.

Our operating context

Kāinga Ora is the largest public housing provider in Aotearoa New Zealand and the Government's urban development agency. We currently provide homes across the country for nearly 200,000 customers and their whānau in more than 70,600 homes as at 31 March 2023. We are working hard to make sure that all our homes are warm, dry, healthy and sustainable. As an organisation, we are proud to provide housing that uplifts people and allows for better, brighter futures, communities and lives.

The wider construction ecosystem is ever changing due to inflation, labour shortages, COVID-19 and most recently, some adverse weather events. We have work under way to ensure our resilience, and to enable us to become more efficient and effective as we deliver homes, services and look after people across the motu.

Pressures on the housing system

Community and customer

Applications to the Ministry of Social Development (MSD) for public housing have increased in the last five years, with 24,078 people now on the register as at 31 March 2023. Māori and Pacific peoples continue to experience poor housing outcomes.

In line with the Government's focus on wellbeing and reducing homelessness, Kāinga Ora recognises how important having a stable home is to all aspects of a person's life – from education and employment to physical and mental health. We have sought to undertake our role in a way that enables this stability.

Kāinga Ora applies a customer and whānau-centred approach to tenancy management. Supporting customers to sustain tenancies means we are committed to improving housing stability so our customers can build, or return to, a state of wellbeing. We recognise the challenge of sustaining tenancies for people experiencing high levels of disadvantage or with complex needs. This includes people living with mental illness, those who have physical and/or intellectual disabilities, who abuse substances or have addictions, who require refuge, children/youth at risk and those requiring family support (such as Plunket, Barnardos, Tamariki Ora, budgeting).

We aim to avoid evictions and exits into homelessness where possible. Kāinga Ora also recognises that disruptive behaviour can impact other people in our communities so we have made changes to improve our ability to respond. We will continue to focus on continuous improvement to enable us to best support both our public housing customers and their communities.

Housing supply

While the supply of newly constructed homes is rising, the housing system is still under pressure. Kāinga Ora takes a place-based approach to land acquisition and development, partnering with central and local government, iwi and others to ensure that our activities are focused on the regions we can make the most meaningful contribution to, alleviating housing supply and affordability pressures.

While we have nearly 600 active build sites across the country, a rise in the cost of goods and construction materials, and ongoing labour shortages have affected our build partners. In the year to December 2022, construction costs rose by 14 percent on top of 17 percent in 2021 – the largest sustained increase since the recording of construction costs began in 1985. The pressures felt on the building sector and the direct impact on our ability to deliver new housing is unlikely to subside completely in the coming year, especially as we regroup from the effects of flooding and Cyclone Gabrielle.

Kāinga Ora is working to lessen these impacts by progressing innovation at scale. We are adopting off-site manufacturing (OSM) processes, reducing the time it takes to construct a house.

Kāinga Ora is building high quality homes that are designed to meet the needs of New Zealand's diverse communities. We are creating homes that are to a standard higher than the New Zealand building code[1]. These homes are designed to be affordable to live in, sustainable and durable, with features such as double glazing and energy efficient products. In addition, all of the homes we are building include many universal design features and at least 15 percent meet our Full Universal Design Standard, which means that our homes are more liveable for people of all ages, abilities, and backgrounds.

Increasing housing supply through urban development of our Large-Scale Projects will deliver up to 40,000 homes over the next 15 to 20 years. We will continue to innovate and promote change in the sector through our Housing Delivery System, transforming the end-to-end process for building a home – making it faster, less costly and more sustainable.

Funding and financing

Supply chain constraints as well as increased material, labour and finance costs continue to provide a complex and difficult operating environment. To achieve our key outcomes and ensure our long-term financial sustainability, will require us to have a disciplined focus on 'core' operational processes and support services.

We are exploring a number of avenues to mitigate these impacts, including re-assessing spend priorities that are not aligned with core delivery, continuing a major construction efficiency programme, and seeking changes to our funding model with the Crown.

Environmental impacts

Climate change has been described as one of the biggest threats to our planet and livelihoods. We will continue to integrate sustainable practices into our mahi.

As the recent weather events have shown, the new infrastructure Kāinga Ora has built to support our Large-Scale Projects performed well. Rainwater is held within reserves and slowly released into the existing pipe network. This has minimised downstream flooding effects and the likelihood of network failure during and after significant rainfall events.

1. Our homes are built to the Green Council's 6 Homestar standard (or near equivalent standard) which is a rating system that evaluates the environmental performance of a home, taking into account factors such as energy efficiency, water efficiency, and indoor environment quality.

Construction and demolition waste makes up 40 to 50 percent of New Zealand's total waste going to landfill. Each home constructed generates an average of four tonnes of waste. We aim to divert 80 percent of uncontaminated waste from landfill in our Auckland and Northland developments, and divert 60 percent in all other regions through our deconstruction and demolition programmes.

Kāinga Ora prioritises relocating existing homes and deconstruction methods over demolition, wherever possible. We are taking this approach because we are looking to help bring about system transformation in terms of how we deal with construction and site clearance waste, alongside our contractors and industry specialists.

The construction of warm, dry and low-energy homes supports our customers and aids in mitigating the impacts of climate change in ways that are also beneficial to the lives of our customers.

Through the Kāinga Ora Sustainability Programme and the Emissions Reduction Plan that is due to be published in December 2023, we will continue to embed sustainable thinking throughout our organisation and respond to obligations in the Carbon Neutral Government Programme.

Key operating judgements underlying our performance measures

In planning our business activity, establishing budgets and setting performance targets there are a number of important judgements we need to make about our operating environment. In recent years some fundamental elements have been challenged, particularly in the response to the COVID-19 pandemic, and more recently with severe weather events. For the 2023/24 year we have assumed those challenges are behind us. **Key factors that will be a focus this year include judgements in relation to:**

- the impact of inflation, interest rates and financial markets on developers' ability to participate in our Large-Scale Projects land sales programme
- construction and maintenance workforce capacity and capability.

While we may not be able to control these matters, we will be closely monitoring them, communicating on risks, and developing responses that mitigate their impact.

A snapshot of our forecast mahi for 2022/23

71K

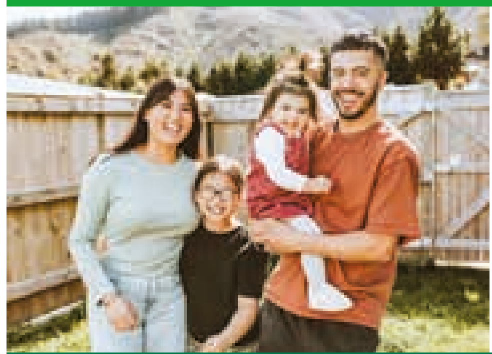
HOMES WILL BE IN OUR PUBLIC AND SUPPORTED HOUSING PORTOLIO BY 30 JUNE 2023

500K

MAINTENANCE JOBS WILL BE COMPLETED IN 2022/23 TO KEEP OUR HOMES WARM AND DRY

2,500

NEW HOMES WILL BE BUILT FOR OUR PUBLIC AND SUPPORTED HOUSING CUSTOMERS

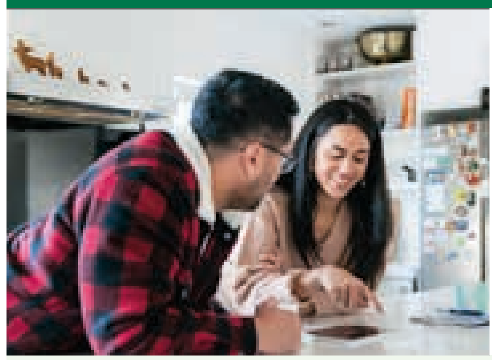


200K

CUSTOMERS AND THEIR WHĀNAU LIVE IN OUR PUBLIC HOMES

120

NEW TRAINEES ARE CURRENTLY ACTIVELY ENGAGED IN OUR CONSTRUCTION APPRENTICESHIP AND CADETSHIP PROGRAMMES



9,500

HOMES ARE FORECAST TO BE PURCHASED WITH OUR HOME OWNERSHIP PRODUCTS DURING 2022/23

Statement of non-financial performance expectations

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 three months, including:

- commentary on activities undertaken in the quarter and emerging risks or opportunities
- performance indicators designed to provide a view of our operating and financial performance
- progress against our SPE and where possible, our SOI measures as well as significant asset development programmes of work
- a summary set of financial reports.

We will consult with Ministers on the progress against our build activity and portfolio redevelopment around Aotearoa New Zealand. This will include significant capital expenditure in line with the consultation process set out in the Treasury Owner's Expectations manual.[2]

Criteria for reporting our performance measures

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

Performance assessment criteria

Met	Where the performance result for the year is either equal to or above the target set, the performance measure target will be assessed as 'met'.	✓	Sub target met
Almost met	Where the performance result for the year is below the target but has not been achieved by a slim margin (two percent), it will be assessed as 'almost met'.	✓	Sub target almost met
Not met	Where the performance result for the year is below the target (by a margin of more than two percent) it will be assessed as 'not met'.	✗	Sub target not met
Not applicable			

2. The threshold for ministerial consultation is currently set at $50 million.

Judgements applied in the selection of performance measures

Our measures represent the activities we will monitor to ensure we stay on track in delivering our short to medium-term goals. In selecting the mix of performance measures for the upcoming year, we have considered the Public Benefit Entity Financial Reporting Standard 48 *Service Performance Reporting* (PBE FRS 48). In doing so, we have carefully considered which measures will be the most meaningful to the public and reflect our core business activities. Please refer to Appendix 3 which outlines the changes made to our performance measures for this SPE, and the reasons for these changes.

Activity Based Costing

We have recently developed a new output class costing model to better reflect the full extent of our activities and where these costs fall, given the widened mandate of our operating model. Therefore to ensure that we are making meaningful comparisons, our 2021/22 actual and 2022/23 forecast figures have been restated from the previously published 2022/23 SPE and 2021/22 Annual Report. The costing model will continue to be refined over the next 6-12 months as we improve our understanding of the costs and revenue associated with our operating model.

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 to lead lives with dignity and the greatest degree of independence possible.

The difference we are trying to make

Our objective is 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

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. 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.

We will accomplish this by focusing on the following activities:

Providing a suitable home and the right support

The people that come to Kāinga Ora have some of the highest housing needs in the country. Some customers and their whānau face complex and challenging life circumstances, including a range of social and health issues, and experience significant disadvantage.

The Suitable Home and Right Support service is focused on making the right placement decisions for our customers and their whānau. We need to understand what is most important to them when it comes to a home and use this to make an appropriate placement. Once matched, we ensure that our customers feel supported for the move and during the move and that they are set up in their new community.

In collaboration with the social sector, we support our customers to receive the support they need. Kāinga Ora operates under a referral model. This means that customers and their whānau are supported to connect with the appropriate services which have the expertise to help them lead lives with dignity and the greatest degree of independence possible.

By supporting customers to engage with targeted and tailored support offered by relevant service providers and government agencies, we will support our customers to sustain tenancies from the time they are placed in their home.

Addressing disruptive behaviour in a holistic way

Kāinga Ora wants our homes and communities to be pleasant, safe and enjoyable places to live – and most of them are. Of the nearly 200,000 people who live in our public housing homes, the vast majority are good neighbours and members of their community. More than 90 percent of Kāinga Ora tenancies received no complaints over the past 12 months, and of the complaints received, the majority were for minor things like car noise, frequency of visitors or lawns not being mowed.

However, when disruptive behaviour occurs, Kāinga Ora aims to respond quickly and effectively, using tools under the Residential Tenancies Act (RTA). The tools used in each situation vary depending on the unique circumstances, and Kāinga Ora staff are often required to make difficult judgement calls about complex situations. To aid in this process, an internal review group was established last year to provide advice and guidance on more complex tenancy issues, and to support or endorse action when needed. Kāinga Ora understands the impact these situations have and is committed to doing everything reasonably possible to resolve them. The aim of the sustaining tenancies approach is to assist in effectively managing disruptive behaviour and associated complaints at a time when we are increasing the number of public houses over time.

Although there will always be challenges, Kāinga Ora will continue to address these in a way that is mindful of the wellbeing of both our public housing customers and the community around them, while meeting the fundamental need for housing.

Understanding and supporting Māori aspirations

Te Rautaki Māori o Kāinga Ora: Kāinga Ora Māori Strategy (Te Rautaki) supports Kāinga Ora to act consistently with our legislative responsibilities and alongside the Kāinga Ora Strategy 2030. The two strategies are interdependent and connected. Enabling Māori housing aspirations and working collaboratively across government to support whānau to thrive is a key focus of Te Rautaki Māori and Strategy 2030.

Te Rautaki is currently in year two of its implementation.

In 2023/24, we will continue to support the wellbeing and needs of Māori currently living in Kāinga Ora homes as well as working with Māori community housing providers to support tenants and ensure those most in need are supported and housed. We will maintain our support of whānau Māori to move through the housing continuum towards home ownership by holding information sessions at local businesses that have high numbers of Māori staff. These sessions will focus on raising awareness of the financial home products administered by Kāinga Ora. Our intent is to empower whānau with the knowledge and resources they need to take the next steps towards owning their own homes.

Understanding and supporting Pacific peoples

Aotearoa New Zealand is home to many diverse and vibrant communities of Pacific peoples, ranging from new migrants to third, and even fourth generation families.

During 2023/24, we will continue building our capacity and capability across the organisation as a key enabler for better relationships with Pacific peoples and communities. We will identify activities that correlate with the goals of Lalanga Fou, ensuring that we continue to support Pacific peoples to thrive. This includes providing culturally appropriate and responsive services and progressing initiatives which support the independence and personal growth of Pacific peoples in their communities.

Contributing to our outcomes

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

Our outcomes		Directly	Indirectly	N/A
		This output class contributes:		
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		✔	

Ref:	Actual 2021/22	Measure	Measure type	Standard 2022/23	Forecast 2022/23	Standard 2023/24
1.1	New measure	Percentage of new customers to receive Support to Settle In within the first 12 weeks of commencing their tenancy		≥85%	TBC	≥85%
1.2	New measure	Tenant satisfaction with tenancy and Customer Support Centre interactions[3]		New measure	New measure	≥78%
1.3	53%	Percentage of customers in rent arrears with a successful working repayment arrangement		≥75%	70-74%	≥75%
1.4		Percentage of tenants who are satisfied that their interactions with Kāinga Ora are culturally appropriate:				
	78%	– All tenants		≥75%	75-77%	≥75%
	75%	– Māori tenants		≥75%	75-77%	≥75%
	75%	– Pacific peoples tenants		≥75%	71-73%	≥75%
1.5	New measure	Customer Support Centre average speed to answer telephone calls		≤3 minutes	4-5 minutes	≤3 minutes

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.

3. This measure is based on the following three components: satisfaction with the Customer Support Centre, overall satisfaction with Housing Support Manager and that their individual circumstances are being taken into account.

Revenue and output expenses

Description	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m	Comment
Revenue Crown	115	121	136	The revenue and expenses of this output class are in relation to management of the public housing portfolio. It includes a proportion of rent revenue and administration and tenant servicing expense for public housing.
Revenue Other	47	53	60	
Expenses	201	243	256	
Net surplus/(deficit)	**(39)**	**(69)**	**(60)**	
Capital investment*	14	11	14	

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend.

The Customer programme was launched in 2021/22 to implement a new Customer Operating Model to support our customers to live well in their homes. The introduction of a new operating model structure increased frontline Housing Support Managers to provide a more holistic service that addresses and responds to specific whānau housing and personal support needs.

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 our customers' and their whānau 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 the right volume in the right places.

How we aim to achieve this

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.

We will accomplish this by focusing on the following activities:

Increasing the supply of public and supported housing

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 delivers public housing in line with the Government's Public Housing Plan which sets out the Government's public housing supply intentions for delivery by Kāinga Ora and Community Housing Providers. This SPE includes the sixth and last year of our commitments to deliver 70 percent of the Government's Public Housing Plan 2018 and 80 percent of Public Housing Plan 2021 by June 2024. This equates to 11,512 net additional homes delivered over six years.

The table on page 29 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.

In 2023/24, our organisation will continue to implement lean[4] construction principles, delivery assurance and time analysis. We have implemented a new construction timeliness measure for 2023/24 which will track operational efficiencies gained. In 2023/24, we will continue to scale-up our Housing Delivery System implementation throughout the organisation to positively impact our timeliness measure.

4. Principles and practices that aim to reduce waste, increase efficiency and improve overall productivity.

As we continue to increase the numbers of new homes and renew our existing portfolio, we responsibly manage customers in those homes, both new and existing. For large new multi-unit developments, we plan and phase the entry of new customers over several weeks or months. For homes receiving major work and upgrades, we maintain a stock of alternative accommodation while we upgrade homes where customers already live.

Collectively, these programmes of improvement have a minor, but cumulative, ongoing effect on our occupancy as new homes are not necessarily immediately occupied, and homes that are being renewed are not occupied for the duration of the upgrades. Lowering our 2023/24 occupancy target to 96% (measure 2.9) more accurately reflects the effects of our programmes in this area, and allows us to continue to focus on our longer term outcomes.

Delivering efficient and effective asset management and maintenance services

Our renewal programme focuses on improving the performance of housing from either a lifecycle or a customer outcomes perspective. Activities include routine and planned maintenance, responsive and vacancy repairs, upgrades, retrofits and complex remediation. As part of this, Kāinga Ora will be 100 percent compliant with the Government's healthy homes standard by 1 July 2024.

Our maintenance teams and our regional maintenance partners work together to deliver a national maintenance service, 24 hours a day, seven days a week, delivering in excess of 500,000 work orders - from high-volume urgent works through to planned maintenance works. Measures 2.9 through to 2.13 track our progress in providing efficient asset management and maintenance services.

Working with our customers to better understand their accessibility needs

We will continue to increase the number of newly built universally designed homes that cater for a range of customers with accessibility needs. We will continue to work with our partners, ACC, the MSD, Whaikaha – the Ministry of Disabled People, and members of the disability community to improve, simplify and streamline the current housing modification processes for our customers.

Through this joint initiative we aim to create a housing modifications process that is more responsive, more equitable, nationally consistent and easier to access for our customers who need this support to be able to live well in their homes and communities.

The Kāinga Ora Accessibility Policy commits to delivering three key outcomes:

- increasing the number of homes that meet our universal design standards
- meeting the individual housing needs of customers
- improving information about our customers' needs and the accessibility of our properties.

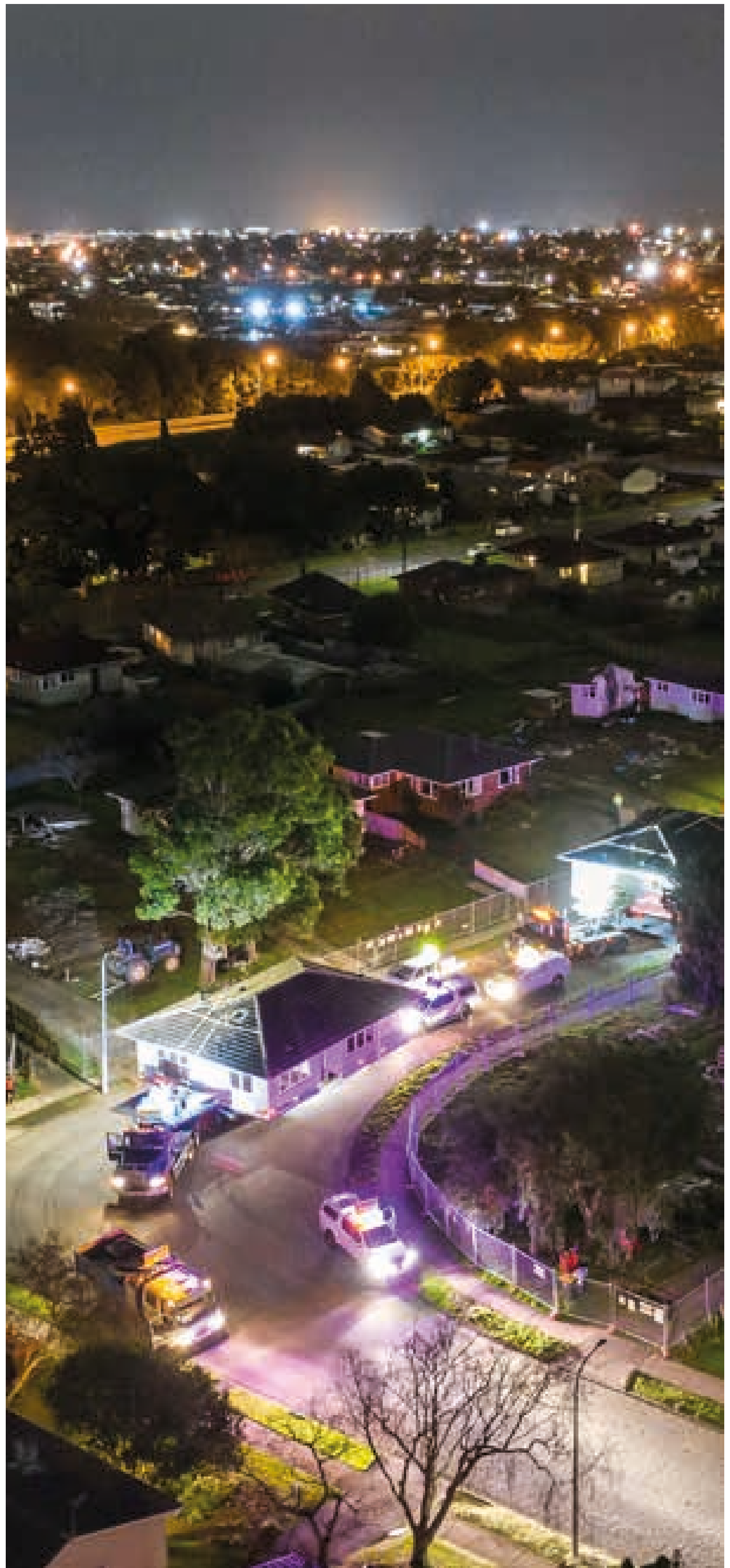
Making a home fully accessible may also require additional specific and unique modifications to meet the needs of a particular customer.

We are currently reviewing our Accessibility Policy and will be engaging with stakeholders on proposals later this year.

Contributing to and supporting environmental wellbeing

The Kāinga Ora Sustainability Programme continues to instil sustainable thinking throughout the organisation by embedding climate change risk management and climate change mitigation into our decision making.

One example of this is the Kāinga Ora Redevelopment House Relocation Programme (measure 2.8). Under this programme, houses that would need to be removed from redeveloped sites are offered for home ownership and training apprenticeship pathways. The benefits are twofold – we minimise homes going to the landfill and deliver better local housing solutions for whānau where possible. Homes are relocated and repurposed as part of our Māori aspirations strategic outcome, as well as learning and qualification pathways through the refurbishment of these homes.



Summary of Kāinga Ora housing portfolio growth activity

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

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

Contributing to our outcomes

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 2021/22	Measure	Measure type	Standard 2022/23	Forecast 2022/23	Standard 2023/24
2.1	1,815	Number of newly constructed Kāinga Ora homes:[5]	●	≥3,400	≥2,591	4,500-5,300
	1,232	– Public homes		≥3,155	≥2,387	4,385-5,185
	583	– Supported homes		≥245	≥204	≥115
2.2	1,340	Increase in the overall number of Kāinga Ora homes (net increase):	●	≥2,200	≥1,903	3,500-4,300
	723	– Public homes		≥1,930	≥1,663	3,370-4,170
	617	– Supported homes		≥270	≥240	≥130
2.3	100%	Percentage of new public and supported homes built to the 6 Homestar v 4.1 standard and the Kāinga Ora 6 Homestar v5 Transition standard or higher[6]	●	≥90%	99%	≥90%
2.4	9%	Percentage of eligible[7] newly constructed Kāinga Ora public homes meeting full universal design standards[8]	●	≥15%	15%	≥15%
2.5	New measure	Percentage of newly constructed Kāinga Ora led public and supported homes adopting Offsite Manufactured building solutions[9]	●	Establish baseline	8%	≥12%

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.

5. A newly constructed home is defined as a home that is newly built and has not previously been occupied.
6. Homestar is a comprehensive independent national rating tool, run by the not-for-profit New Zealand Green Building Council which 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.
7. 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.
8. 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.
9. Kāinga Ora led developments are redevelopments and do not include new acquisitions

Ref:	Actual 2021/22	Measure	Measure type	Standard 2022/23	Forecast 2022/23	Standard 2023/24
2.6	New measure	Time taken to design and build a new Kāinga Ora public or supported home[10]		New measure	New measure	
		– Houses				32 months
		– Apartments				46 months
2.7		Number of new trainees engaged in our Kāinga Ora construction apprenticeship/cadetship programme:				
	142	– Total		≥100	≥120	≥125
	56%	– Māori		≥50%	≥50%	≥25%
		– Pacific peoples				≥25%
2.8	New measure	Percentage of public homes in areas identified for future redevelopment that are saved from demolition and relocated to non-Kainga Ora land for home ownership and training apprenticeship pathways. Targeted groups may include: – Māori rōpū or individuals, iwi or Māori community housing providers (CHPs)[11] – Other CHPs, non-governmental organisations or training providers.		New measure	8%	≥10%

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.

10. Average duration in months from when a project brief, or work order, is accepted to when construction activities have been completed to deliver a home in the Kāinga Ora redevelopment programme. Period includes: site works, scoping, design, consenting, procurement, and physical construction. Homes have been categorised as houses (house, terrace, duplex) or apartments (walk-up or apartment).
11. Māori iwi and Māori community housing providers will be given the first priority over these homes, however, where the offer of these is unable to be taken up by them, other CHPs, non-governmental organisations or the private sector will be offered these homes.

Delivering efficient and effective asset management

Ref:	Actual 2021/22	Measure	Measure type	Standard 2022/23	Forecast 2022/23	Standard 2023/24
2.9	97.6%	Percentage of public homes that are let (occupied days)		≥97.5%	96.2%	96%
2.10	28 days	Average number of days from a public home becoming vacant to being ready to let		≤23 days[12]	23.5-25 days	≤23 days
2.11	71%	Percentage of public housing customers satisfied with repairs and maintenance		≥75%	69-72%	≥75%
2.12	New measure	Timeliness of maintenance response expressed as a percentage[13]		≥90%	89.5-90.3%	≥90%
2.13	52%	Percentage of our housing portfolio compliant with the healthy homes standards		100%[14]	90-95%	100%

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.

12. This refers to calendar days.
13. This measure is based on the following two components: urgent health and safety response time, maintenance requests completed on time.
14. This is a cumulative target that includes the compliant portion of our housing portfolio achieved in previous years.

Revenue and output expenses

Description	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m	Comment
Revenue Crown	1,034	1,066	1,176	Revenue includes a large proportion of rent revenue for public housing. The expenses are in relation to maintenance and renewal of the public and supported housing portfolios. It includes all administration and maintenance expense for public housing, and both revenue and expenses for Supported Housing.
Revenue Other	484	571	641	
Expenses	1,703	2,061	2,346	
Net surplus/(deficit)	**(185)**	**(424)**	**(529)**	
Capital investment*	1,962	3,364	4,233	

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

Maintenance costs are up from 2021/22 due to high construction inflation, our growing housing portfolio and the ramp-up of the Healthy Homes Programme in order for Kāinga Ora to be 100 percent compliant with the Government's healthy home standards by 1 July 2024.

Capital investment is planned to double in the two years to 2023/24 in response to Public Housing Plan 2021-2024 and the ramp-up of the renewals programme.

OUTPUT CLASS 3

Delivering and facilitating urban planning and development

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

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.[15]

Through this output class, we will facilitate and deliver 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, 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. We will accomplish this by focusing on the following activities:

Providing more developed land for housing supply

Two key components of the Government's 2021 housing package were 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). These projects will see us play an increasingly important role in enabling more developed land for additional and affordable housing supply. We recognise that it may take several years between acquiring land and seeing completed homes. Our measure in this output class provides line of sight to the work being undertaken behind the scenes to increase the supply of new homes.

One of the new measures added was hectares of land developed by Kāinga Ora (measure 3.1). This is an alternate way of showing number of new homes that can be enabled on land developed by Kāinga Ora (measure 3.2). In 2024/25, we will provide sub measures for land developed for housing vs land developed for public amenity to demonstrate our contribution to broader outcomes such as community infrastructure and public amenity.

We have also included a measure which counts the number of homes that can be enabled on land developments completed by Kāinga Ora in 2023/24, irrespective of whether the land

15. We will achieve this by providing more developed land for housing supply through the Kāinga Ora Land Programme and the Housing Acceleration Fund.

is sold. In a declining market, the current sales-dependent homes enablement measure (3.3) under-reports the amount of work Kāinga Ora is completing to prepare land for housing.

The Kāinga Ora Land Programme allows us to borrow up to a debt ceiling of $2 billion[16] to acquire and develop land to build-ready status. Kāinga Ora will complement rather than compete with the private sector through the land programme. This will allow the delivery of additional outcomes through increased pace, scale, density and affordability as well as broader social and environmental outcomes, bringing greater housing options in increasingly in-demand areas.

Urban development and delivery through Large-Scale Projects

Working alongside local communities, mana whenua partners, local government and private sector partners, in 2023/24 we will maintain momentum on our Large-Scale Projects (LSPs) currently under way in Auckland and in Porirua. To date, we have invested approximately $114 million in stormwater, wastewater and community facilities. This critical infrastructure investment prepares large tranches of land so that new housing can be built. In total, these are projected to produce up to 40,000 homes over the next 15 to 20 years.

Our LSPs are outcome focused and go beyond the sole purpose of enabling high-quality housing. They accelerate the renewal of infrastructure, provide new amenities and facilitate investment into local economic development, connectivity and active transport. This investment has significant positive outcomes in the communities where the investment takes place. They are more resilient to extreme weather events, foster a sense of community and allow more density in places that could not previously support it.

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.

We have introduced a new measure (3.5) to track progress on our LSPs for improved public visibility. This measure assesses whether we are on track at key milestones of a development project, such as completing project planning, completing civil works, or carrying out the physical handover of the land. We monitor whether these milestones are achieved against the project plan for each neighbourhood.

Delivering high quality urban planning and design

We create places people want to live in. To monitor how well we succeed at creating places that build and strengthen the connections between people and the places they live, work and play, we have introduced a new measure for 2023/24 that assesses the percentage of Kāinga Ora housing developments that meet design outcomes expectations.

16. On top of our existing debt protocol for public housing.

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

We recognise that Māori aspire to develop their own whenua outside of the main urban areas. There are challenges in developing Māori land held in multiple ownership, and we have a role in supporting Māori with advice and information. Even when we are not able to provide direct funding support, Kāinga Ora will work closely with other key agencies that contribute to improving Māori housing outcomes, and which do operate funding programmes, such as Te Puni Kōkiri and Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD), to ensure that our urban development activities complement and support one another.

Contributing to our outcomes

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 2021/22	Measure	Measure type	Standard 2022/23	Forecast 2022/23	Standard 2023/24
3.1	New measure	Hectares of land developed by Kāinga Ora[17]	●	New measure	New measure	14.6 hectares
3.2	New measure	Number of new homes that can be enabled[18] on land developed by Kāinga Ora	●	New measure	New measure	≥1,400
3.3	1,801	Number of new homes enabled on land developed and delivered[19] by Kāinga Ora	●	≥1,700	625	750[20]
3.4	41%	Affordable[21] homes enabled as a percentage of total market and affordable homes enabled	●	≥40%	69%	≥40%
3.5	New measure	Percentage of project milestones met as per Large-Scale Project plans	●	New measure	New measure	≥80%
3.6	New measure	Percentage of Kāinga Ora housing developments that meet expectations, as defined in the 'Kāinga Ora Urban and Landscape Design Quality Outcomes Matrix'. Based on a representative sample of building activity.	●	New measure	New measure	≥80%
3.7	New measure	Number of projects that have been assessed as potential Specified Development Projects under the Urban Development Act 2020[17]	●	New measure	New measure	2
3.8	265	Number of newly constructed homes with delivery managed by Kāinga Ora on behalf of Tāmaki Redevelopment Company (TRC)[22]	●	≥324	≥232	≥180

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.

17. Performance is assessed per annum.
18. 'Enabled homes' refers to the number of homes that will be built on ready-to-build land as either state homes or as agreed under a signed unconditional contract or License to Occupy.
19. Land delivered refers to ready-to-build land either sold to the market (under a signed unconditional contract or License to Occupy), or ready for state home construction.
20. Please refer to the 'Breakdown of large-scale urban development programmes (SPE 3.3)' table below for a breakdown of this target.
21. For the purpose of this measure, 'affordable' means market and rental homes for lower to median income households to buy and rent.
22. 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.

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

Precinct		Forecast 2022/23	Budget 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total
Greenfields & complex projects	Market	100	65	138	88	225	616
	Affordable	73	10	34	23	57	197
	State	24	–	–	–	–	24
Greenfields & complex projects total		**197**	**75**	**172**	**282**	**282**	**837**
Māngere	Market	–	18	56	47	43	164
	Affordable	42	60	53	46	43	244
	State	35	–	190	52	209	486
Mangere Precinct Total		**77**	**78**	**299**	**145**	**295**	**894**
Northcote	Market	–	23	201	120	–	344
	Affordable	–	–	223	45	–	268
	State	6	–	–	–	–	6
Northcote Precinct Total		**6**	**23**	**424**	**165**	**–**	**618**
Oranga	Market	–	22	48	246	93	409
	Affordable	–	37	32	158	73	300
	State	–	21	97	–	–	118
Oranga Precinct Total		**–**	**80**	**177**	**404**	**166**	**827**
Porirua	Market	–	89	239	24	–	352
	Affordable	–	–	–	–	–	–
	State	49	98	163	26	6	342
Porirua Precinct Total		**49**	**187**	**402**	**50**	**6**	**694**
Roskill Precinct	Market	24	98	99	102	341	664
	Affordable	154	105	272	157	293	981
	State	68	53	40	102	304	567
Roskill Precinct Total		**246**	**256**	**411**	**361**	**938**	**2,212**
Tāmaki	Market	–	–	–	–	–	–
	Market affordable	10	51	–	–	–	61
	Tāmaki state	40	–	–	–	–	40
Tāmaki Precinct Total		**50**	**51**	**–**	**–**	**–**	**101**
Total		**625**	**750**	**1,885**	**1,236**	**1,687**	**6,183**

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

Revenue and output expenses

Description	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m	Comment
Revenue Crown	30	48	46	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	170	232	297	
Expenses	259	344	441	
Net surplus/(deficit)	**(59)**	**(64)**	**(98)**	
Capital investment*	438	417	726	

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

The Kāinga Ora share of the $3.8b Housing Acceleration Fund announced at Budget 2021 is to increase the pace, scale, diversity and affordability of new housing supply for buyers and renters. Large-Scale Projects are one of the key components, and the Government has so far committed to six of our Large-Scale Projects across five Auckland suburbs (Mount Roskill, Māngere, Tāmaki, Oranga and Northcote) and Eastern Porirua, Wellington.

Capital investments are planned to increase in 2023/24 related to a more-than-doubling of affordable homes enabled planned for delivery in 2024/25.

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.

The difference we are trying to make

We support New Zealanders to purchase their first home by providing financial home ownership products.

This output class includes using Crown land efficiently, effectively, and sustainably to provide good-quality affordable housing choices that meet diverse needs to provide homes and more liveable communities for all New Zealanders.

How we aim to achieve this

Through this output class we will:

Administer and monitor the Infrastructure Acceleration Fund (IAF) as agent for the Crown

The IAF is a $1billion fund administered by Kāinga Ora on behalf of the Crown for new or upgraded bulk infrastructure such as water, transport and flood management to enable housing developments in areas of need throughout the country. Funding decisions relevant to the IAF are made by Ministers, on advice from a Kāinga Ora Board Committee. Through the applications approved by Ministers, 39,500 dwellings have been contracted across 30 Funding Agreements with councils. This is an estimate of the number of dwellings that can be built (or "enabled") due to the increased infrastructure capacity. However, experience from previous funding initiatives show that developments will experience changes to cost, time and scope during the delivery stage. Due to these inevitable changes, the IAF uses a risk-based approach that considers the various factors associated with each development. Taking these factors into account, we anticipate that up to 35,000 homes will be enabled over the next 10 to 15 years.

In 2023/24 the focus will be on monitoring and reporting on the status and progress of the infrastructure projects and housing developments as recorded in the Funding Agreements with councils. This will include processing payments to councils as milestones are achieved as well as actively supporting them as issues or delays occur.

Administering affordable home ownership products

We administer a suite of financial products and initiatives to support first-home owners, and are committed to support Māori in achieving their housing aspirations. This includes processing transactions where Kāinga Ora is required to buy or sell properties as part of the KiwiBuild Buying off the Plans initiative underwrite. First Home Partner is just one part of the Government's $400 million Progressive Home Ownership (PHO) Fund. This scheme is administered by Kāinga Ora and is designed to help bridge the gap for aspiring first home buyers whose deposit and home loan are not quite enough to purchase a home.

The scheme enables eligible New Zealanders to co-purchase a home together with Kāinga Ora, to help overcome the deposit barrier. The applicant is the majority homeowner and occupier, but Kāinga Ora will own a share in the home that the applicant will need to buy out over time to achieve full ownership.

Contributing to our outcomes

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 2021/22	Measure	Measure type	Standard 2022/23	Forecast 2022/23	Standard 2023/24
4.1		Number of new applications assessed for eligibility:		Demand driven	28,000-29,000	Demand driven
	22,634	– First Home Grants			26,500-27,000	
	2,043	– KiwiBuild			500-800	
	1,298	– First Home Partner (progressive home ownership)			1,000-1,200	
4.2	2 days	Average number of days taken to assess a completed First Home Grant, KiwiBuild or First Home Partner application		≤5 working days	2 days	≤5 working days
4.3		Percentage of applicants gaining full pre-approval for First Home Partner who are part of the following targeted groups:		Monitor and report progress		Monitor and report progress
	11%	– Māori			9%	
	7%	– Pacific peoples			7%	
	52%	– Families with children			68%	
4.4	753	Number of First Home Loan mortgages underwritten		Demand driven up to a maximum of 3,600[23]	2,650	Demand driven up to a maximum of 3,600
		– Māori				
		– Pacific peoples				
4.5	21%	The percentage[24] of completed underwritten KiwiBuild homes acquired by the Crown as part of the Buying off the Plans initiative		≤25%	≤25%	≤25%
4.6	New measure	Percentage of infrastructure milestones completed on time[25]		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.

23. Kāinga Ora is funded by an appropriation up to a maximum of approximately 3,600 First Home Loan underwrites based on an average loan value of $427,000.
24. Measured since the start of the programme.
25. Kāinga Ora is reliant on third parties to manage and complete the infrastructure projects and does not have direct control of how and when they are delivered.

Revenue and output expenses

Description	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m	Comment
Revenue Crown	59	86	91	The revenue and expenses of this output class are in relation to Crown infrastructure and home ownership products that are managed on the Crown's behalf.
Revenue Other	12	6	5	
Expenses	62	91	97	
Net surplus/(deficit)	**9**	**1**	**(1)**	
Capital investment*	1	1	1	

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

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

The First Home Partner initiative was announced at Budget 2021 to give first home buyers more options. Budget 2022 saw an increase in house price caps for First Home products to better align with the rising cost of homes.

Our organisational capability

Our organisation and our people are the true platform to enable 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 New Zealand. 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 through care and empathy, we enhance the mana of all people and whānau, helping everyone to feel they belong.

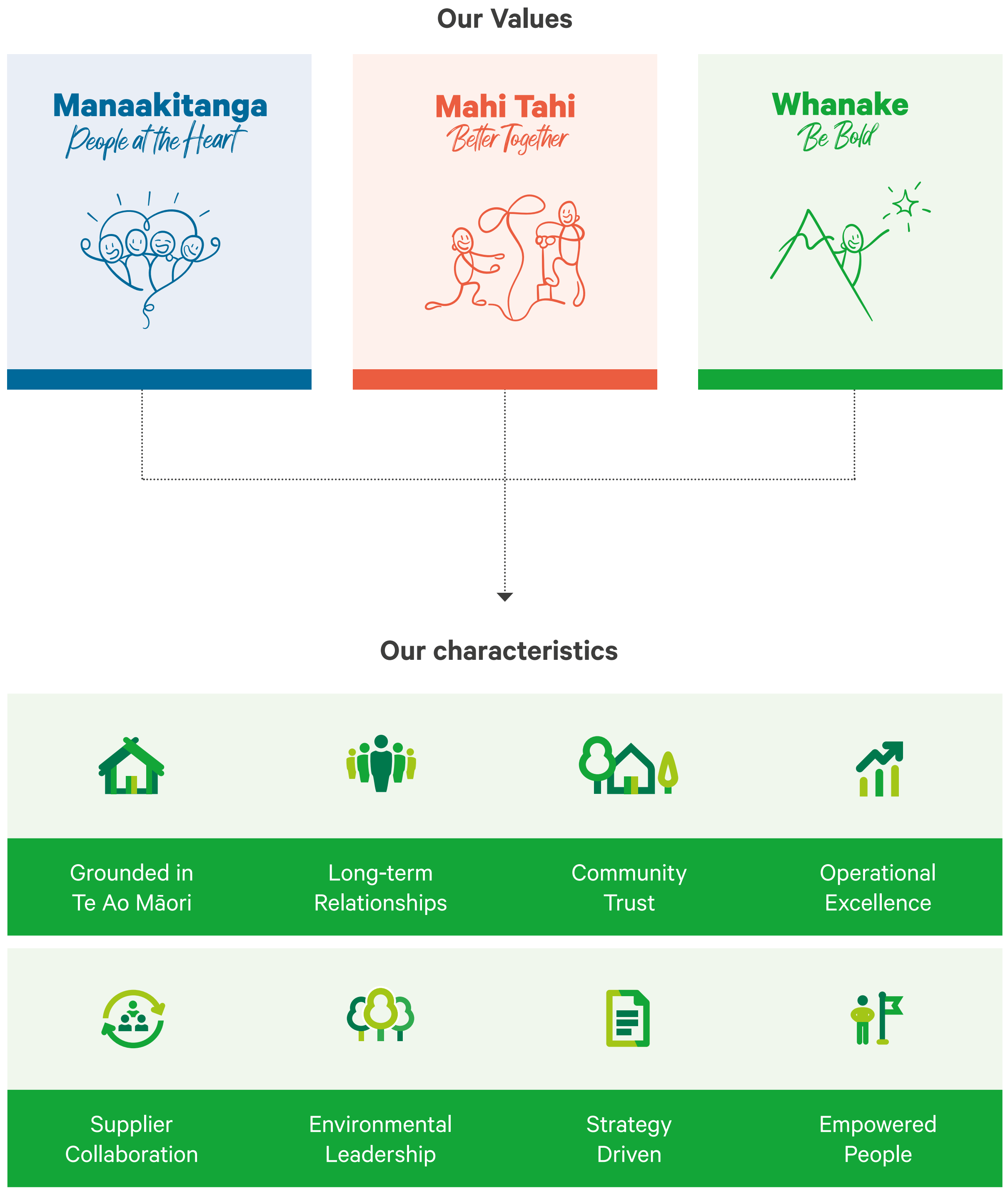
Mahi Tahi is about working together, collaboration, cooperation and teamwork. For us, this means building strong and trusting relationships. By working together and sharing our knowledge, ideas and passion for what we do, we are making a bigger difference for Aotearoa New Zealand.

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

Our characteristics

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

Kāinga Ora will continue to grow our capabilities to support customers and deliver housing right across Aotearoa New Zealand. By supporting our people to build on their capabilities, we will enhance the customer service we provide to our customers, contribute to the development of thriving communities, support Māori housing aspirations and drive sustainable building and urban development practices.



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 2023/24 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 2023/24

- Embed Strategy 2030, Te Rautaki Māori o Kāinga Ora and our supporting functional strategies through our internal communications team, regional and business planning and the development of operational policies, guidance and tools. These set out for our people why we are here, what success looks like and provide key decision-making tools.
- Undertake a review of our Customer Strategy. This will continue to outline how we will achieve our vision for our customers: living well, with dignity and stability in connected communities.

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 2023/24

- Implement the Waka Tangata leadership programme to support our people leaders in understanding what good leadership looks like for Kāinga Ora.
- Support our Ngā Pae Tātaki (leadership committees) to lead towards outcomes and empower our staff.
- Build capability within the organisation through the Matauranga Māori programme that recognises, respects and practices tikanga Māori.

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 2023/24

Promote our people's wellbeing through internal programmes:

- Whakaurungia te whare kanorau – Diversity and Inclusion Framework
- Lalanga Fou – the all-of-Government Pacific Wellbeing Strategy
- Te Rautaki Māori – the Māori Strategy.

Review of the Health and Wellbeing workplace plan to help support, create tools and provide training for our people.

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 2023/24

- Develop organisational capabilities and learning pathways to maintain and grow our skillsets.
- Building trusting, well-connected relationships with our customers and communities through our place-based teams.
- Implement our Digital Strategy, which is a multi-year programme with a number of initiatives being rolled out to improve our digital environment.
- Continue to sustainably reduce build times through our new Housing Delivery System, Project Velocity.
- Undertake a review of the Asset Management, Maintenance systems and Land Development delivery systems.
- Continually review our people delegations, policies, guidelines and organisational risks.

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 2023/24

- Continue to work with the Ministry of Housing and Urban Development to refine the Crown entity monitoring and engagement framework.
- Work with the Ministry of Housing and Urban Development and the Treasury to review Kāinga Ora's funding and financing frameworks to ensure that they are fit for purpose.
- Simplify IMF governance structures and clarify terms of reference, delegations and approval roles, making it easier to understand and implement.
- Continue to align and implement our Long-term investment plan with our four-year budget.

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 have a strong commitment to health and safety leadership. 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.

SafePlus

In 2023/24, we will continue to focus on preventing harm to our people and others we partner with through our mahi and establish an improvement target for our health and safety maturity using the government-endorsed methodology SafePlus.

SafePlus was developed jointly by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment (MBIE) with input from New Zealand industry and tested with over 90 businesses. It is a survey that will be used to hear the voices of all of our people in Kāinga Ora, from Board members', Senior Leaders', People Leaders' and Workers' perspectives.

The initial results from SafePlus will create a baseline report and provide insights into how our people think Kāinga Ora is doing in health and safety. Any differences in thinking between roles in Kāinga Ora will be highlighted, along with the level of maturity and recommendations for a future target. The results will be used to enhance our culture by including everyone's ideas on health and safety practices, and building collective ownership of performance.

Protective Security Requirements (PSR)

In 2023/24 Kāinga Ora will complete a Protective Security Requirements Self-Assessment which produces valuable information on our security status against the PSR's Mandatory Requirements.

We will continue to improve our PSR capability maturity levels in a number of domains. The focus is on establishing appropriate and effective Governance systems and roles in line with the PSR's Mandatory Requirements.

Partnership with other agencies

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. Kāinga Ora and WorkSafe NZ have developed a joint work plan to allow the two agencies to work together to improve outcomes in residential construction. Kaimahi, their whānau and communities are at the heart of this plan. We are working towards better and more equitable health, safety and wellbeing outcomes for those involved in building and maintaining Kāinga Ora homes and communities.

Organisational performance measures

The following measures reflect our key organisational health and capability areas for 2023/24 on people and governance, Māori interests and obligations, and the environment.

Ref:	Measure	Actual 2021/22	Standard 2022/23	Forecast 2022/23	Standard 2023/24
Org_1.1	Health and safety maturity assessment (internal) score	New measure	New measure	New measure	Establish baseline
Org_1.2	Overall Percentage of People Leaders who completed Waka Tangata leadership programme by June 2024	New measure	70–90%	≥70%	≥70%
Org_1.3	Ministerial correspondence, parliamentary questions and Official Information Act requests delivered to meet the agreed deadline*	New measure	≥95%	≥95%	≥95%
Org_1.4	Ministerial services delivered meet the quality criteria**	New measure	≥95%	≥95%	≥95%
Māori interests and obligations					
Org_1.5	Percentage of supplier contracts and agreements with Māori businesses*** by volume	Establish baseline	≥5%	≥4%	≥8%
Org_1.6	Number of Kāinga Ora staff who have participated in and completed Mātauranga Māori programmes	Establish baseline	≥800	≥800	≥1,200
Org_1.7	Percentage of Māori businesses*** and suppliers who are satisfied or very satisfied with their ongoing commercial relationship with Kāinga Ora	Establish baseline	≥65%	≥75%	≥75%
Environmental					
Org_1.8	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – gross	Establish baseline	Track progress towards targets for 2025 and 2030****	Establish baseline	Calculation completed year end
Org_1.9	Tonnes of carbon dioxide equivalent emissions (tCO_2e) resulting from corporate activities – per FTE	Establish baseline	Track progress towards targets 2025 and 2030****	Establish baseline	Calculation completed year end
Org_1.10	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	Pass	Pass

* 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 percent 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 2023/24, we will continue to work with the Government (the Treasury, the Ministry of Housing and Urban Development and the Ministers' offices) to ensure appropriate funding is secured 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. The outcomes of this work will be informed by and reflected in the Kāinga Ora Long-Term Investment Plans.

The Board will remain focused on managing cost pressures, and considering potential options and trade-offs to enable Kāinga Ora to be financially sustainable in the future.

Ref:	Measure	Actual 2020/21	Actual 2021/22	Forecast 2022/23	Forecast 2023/24
Financial measures					
Fin_1.1	Net operating costs of managing our housing portfolio per housing unit (excludes depreciation)	$14,419	$15,885	$19,452	$21,467
Fin_1.2	Adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) as a percentage of total income*	30%	27%	16%	18%
Fin_1.3	Total debt to non-sales adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) ratio*	15.0	19.0	36.4	38.2
Fin_1.4	Non-sales adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) to interest costs*	3.1	2.2	1.0	0.8

* 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 the 2020/21 financial year have been restated using this new method of calculation and therefore do not match those stated in the Kāinga Ora Annual Reports for that year.

Our financial metrics are being negatively impacted by the cyclical nature of our housing portfolio renewal and asset growth activity. We are currently undertaking one of the largest housing renewal and growth investment programmes in more than forty years. Given the capital intensiveness of this programme it does come with financial challenges, especially in a period of significant inflationary cost pressure. We are working with HUD and the Treasury to ensure appropriate funding mechanisms are put in place to ensure the long-term financial sustainability of the organisation.

Capital Investment

Capital additions	Actual 2020/21 $m	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m
Acquire existing	170	212	287	252
Redevelopment and acquire new builds	1,204	1,413	2,574	3,505
Upgrades and improvements	223	157	558	521
Infrastructure	47	39	28	36
Land Development additions				
Land development activities*	290	618	413	721
Total	**1,934**	**2,439**	**3,860**	**5,035**
Funded by				
Sale of rental properties and other PPE	35	24	67	61
Net borrowing	1,188	2,167	2,628	3,901
Cash and short-term investments on hand	414	(54)	809	46
Cash from operations	230	241	83	10
Net capital contributions (to)/from the Crown – Other	3	(2)	3	4
Land development funding				
Sale of developed land	64	63	61	208
Net capital contributions (to)/from the Crown – land development	0	0	209	805
Total funding	**1,934**	**2,439**	**3,860**	**5,035**

* 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	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m
Rental income from tenants	431	467	532	596
Rental income from income-related rent subsidies	1,044	1,128	1,162	1,283
Crown appropriation income	115	107	159	166
Sale of developments	64	166	224	291
Interest, realised gains and other income	69	83	106	117
Total revenue	**1,723**	**1,951**	**2,183**	**2,453**

Where revenue goes to	Actual 2020/21 $m	Actual 2021/22 $m	Forecast 2022/23 $m	Budget 2023/24 $m
Repairs and maintenance	418	460	637	657
Depreciation	337	407	429	441
Personnel	201	296	329	375
Interest costs	162	203	338	515
Rates	183	199	218	246
Cost of land sold	61	161	226	291
Third-party rental leases	71	68	58	59
Grants	80	38	60	65
Other expenses	169	195	280	290
Total expenses	**1,682**	**2,027**	**2,575**	**2,939**
Impairment, write-offs and loss on sales	141	198	164	202
Surplus/(loss) before tax	**(100)**	**(274)**	**(556)**	**(688)**

Revenue and expenses have increased since 2020/21, with expenses growing at a faster pace than revenue, primarily due to high inflation and the significant investment we have made in our people. This investment is aimed at improving the wellbeing of our customers, growing and renewing our housing portfolio, delivering on our urban planning and development, sustainability and partnering with Māori commitments.

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

On the revenue side, Budget 2020 included the Public Housing Plan 2021-2024, providing the permissions for Kāinga Ora to borrow funding to invest in an additional 6,000 public and 2,000 transitional houses for those most in need, helping to increase rental income by approximately 17% in the two years to June 2024.

Other Government initiatives introduced over the past three years include Kāinga Ora Sustainable Funding, Housing Acceleration Funding and the First Home Partnership Scheme. The objective of these initiatives is to increase the pace, scale, diversity and affordability of new housing supply and support first home buyers.

Regarding expenses, the initiatives mentioned above require additional people to support them, which has contributed to increasing people costs. Also contributing to the growth in people costs during the 2021/22 to 2023/24 period has been the introduction of our new Customer Operating Model. The new Customer Operating Model has resulted in increased front line support for our customers by providing specialist wraparound services and embedding a whānau-centred wellbeing approach to tenancy management.

Our repairs and maintenance programme is another key area of operating expenditure, reflecting the importance of ensuring our homes remain fit for our customers. COVID lockdowns and supply chain issues have had a marked impact on our build and maintenance programmes in recent years. Forecast increased spend from 2022/23 is due to the backlog of work required to catch up from these impacts, the response to two major weather events and high input costs following two years of strong inflation.

Interest costs have continued to climb, primarily due to raising the capital required to renew our housing portfolio. Higher market rates – reflecting persistently high inflation – is expected to continue to be a factor, but largely for new debt (with historic debt on average issued for long terms).

Refer to pages 24, 34, 41, 45 to see the split of costs by activity output.

Forecast financial statements

Forecast financial highlights for 2023/24

Kāinga Ora manages a portfolio of more than 70,600 homes.[26] The value of the owned portion of this portfolio was $46.4 billion at 30 June 2022. This is an increase of $7.5 billion on the portfolio's previous valuation of $38.9 billion as at 30 June 2021. Another portfolio valuation is due to be completed at 30 June 2023.

The 2023/24 forecast operating deficit after tax is $570 million.

In 2023/24, we expect to receive $2,453 million in income, comprising:

- $1,283 million in income-related rent subsidies
- $596 million in rental income
- $291 million in sales of developments
- $166 million in other operational funding for Crown programmes
- $117 million in interest and other income.

In 2023/24, we expect to incur $2,939 million in operating expenses, comprising:

- $657 million in repairs and maintenance
- $441 million in depreciation and amortisation
- $515 million in interest costs
- $375 million in people costs (personnel)
- $291 million in cost of selling redeveloped land for market and affordable housing enablement
- $305 million in third party leases and rates
- $65 million in grant payments, primarily to the KiwiSaver scheme
- $290 million in other expenses.

We also expect to incur $202 million of write-offs and impairments of assets, driven by redevelopment activity.

In 2023/24, Kāinga Ora expects to spend $4,278 million on rental housing asset purchases and improvements and expects to receive $61 million from the sale of state housing assets.

26. As at 31 March 2023, 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 2022 $m	Group Forecast 2023 $m	Group Budget 2024 $m
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Rental income from income-related rent subsidies (IRRS)	1,128	1,162	1,283
Rental income from tenants receiving IRRS	420	478	536
Crown appropriation revenue	107	159	166
REVENUE FROM EXCHANGE TRANSACTIONS			
Sale of developments	166	224	291
Rental income from tenants at market rent	47	54	60
Interest revenue	21	37	43
Mortgage Insurance Scheme	11	5	5
Other revenue	51	64	69
Total revenue	**1,951**	**2,183**	**2,453**
EXPENSES			
Repairs and maintenance	460	637	657
Depreciation and amortisation	407	429	441
People costs	296	329	375
Interest expense	203	338	515
Rates	199	218	246
Cost of land sold	161	226	291
Third-party rental leases	68	58	59
Grants	38	60	65
Other expenses	195	280	290
Total expenses	**2,027**	**2,575**	**2,939**

Forecast Statement of Comprehensive Revenue and Expense (continued)

	Group Actuals 2022 $m	Group Forecast 2023 $m	Group Budget 2024 $m
OTHER GAINS/(LOSSES)			
Loss on asset write-offs	(102)	(109)	(147)
Impairment of property under development	(91)	(55)	(55)
Gain/(loss) on disposal of assets	(5)	0	0
Total other gains/(losses)	**(198)**	**(164)**	**(202)**
Surplus/(deficit) before tax	**(274)**	**(556)**	**(688)**
Current tax (expense)/benefit	(66)	(1)	40
Deferred tax (expense)/benefit	(4)	92	78
Income tax (expense)/benefit	(70)	91	118
Net surplus/(deficit) after tax	**(344)**	**(465)**	**(570)**
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Item that could be reclassified to surplus/(deficit)			
Hedging reserve gains/(losses)	54	11	0
Income tax on items of other comprehensive revenue and expense	(16)	(2)	0
Items that will not be reclassified to surplus/(deficit)			
Revaluation reserve gains/(losses)	5,951	(4,477)	(1,146)
Income tax on items of other comprehensive revenue and expense	86	(470)	(544)
Other comprehensive revenue and expense net of tax	**6,075**	**(4,938)**	**(1,690)**
Total comprehensive revenue and expense net of tax	**5,731**	**(5,403)**	**(2,260)**

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

Forecast Statement of Financial Position

	Group Actuals 2022 $m	Group Forecast 2023 $m	Group Budget 2024 $m
ASSETS			
Cash and cash equivalents	174	100	100
Short-term investments	1,199	520	474
New Zealand Government Bonds	98	0	0
Interest rate derivatives	5	9	9
Receivables and prepayments	350	502	587
Properties held for sale	44	44	44
Property under development	504	564	826
Other assets	37	51	45
Property, plant and equipment	46,433	44,922	47,559
Total assets	**48,844**	**46,712**	**49,644**
LIABILITIES			
Accounts payable and other liabilities	421	462	461
Income tax payable	(6)	(12)	(6)
Mortgage Insurance Scheme	25	52	78
Interest rate derivatives	22	26	26
Borrowings	9,794	12,405	16,290
Deferred tax liability	2,510	2,891	3,357
Total liabilities	**12,766**	**15,824**	**20,206**
Net assets	**36,078**	**30,888**	**29,438**
EQUITY			
Equity attributable to the Crown	3,562	3,775	4,585
Retained earnings	779	482	30
Revaluation reserve	31,741	26,626	24,818
Hedging reserve	(4)	5	5
Total equity	**36,078**	**30,888**	**29,438**

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

Forecast Statement of Changes in Equity

	Group Actuals 2022 $m	Group Forecast 2023 $m	Group Budget 2024 $m
Total equity at 1 July	**30,349**	**36,078**	**30,888**
Net surplus/(deficit) for the year after tax	(344)	(465)	(570)
Revaluation of property, plant and equipment			
Revaluation reserve gains/(losses)	5,951	(4,477)	(1,146)
Deferred tax on property, plant and equipment revaluations	86	(470)	(544)
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSES			
Hedging reserve gains/(losses)	54	11	0
Deferred tax on hedging reserve gains/(losses)	(16)	(2)	0
Total comprehensive revenue and expense for the period	**5,731**	**(5,403)**	**(2,260)**
CONTRIBUTIONS FROM AND DISTRIBUTIONS TO THE CROWN			
Net capital contributions (to)/from the Crown	(2)	213	810
Total changes in equity	**5,729**	**(5,190)**	**(1,450)**
Total equity at 30 June	**36,078**	**30,888**	**29,438**
EQUITY ATTRIBUTABLE TO THE CROWN			
Opening balance	3,564	3,562	3,775
Net capital contributions (to)/from the Crown	(2)	213	810
Closing equity attributable to the Crown	**3,562**	**3,775**	**4,585**
RETAINED EARNINGS			
Opening retained earnings	904	779	482
Net surplus/(deficit) for the year after tax	(344)	(465)	(570)
Net transfers from asset revaluation reserve on disposal of properties	219	168	118
Closing retained earnings	**779**	**482**	**30**
REVALUATION RESERVE			
Opening revaluation reserve	25,923	31,741	26,626
Asset revaluations on property, plant and equipment	5,951	(4,477)	(1,146)
Deferred tax on property, plant and equipment	86	(470)	(544)
Net transfers from asset revaluation reserve on disposal of properties	(219)	(168)	(118)
Closing revaluation reserve	**31,741**	**26,626**	**24,818**
HEDGING RESERVE			
Opening hedging reserve	(42)	(4)	5
Fair value gains/(losses)	54	11	0
Deferred tax on derivative fair value movement	(16)	(2)	0
Closing hedging reserve	**(4)**	**5**	**5**
Total equity at 30 June	**36,078**	**30,888**	**29,438**

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

Forecast Cash Flow Statement

	Group Actuals 2022 $m	Group Forecast 2023 $m	Group Budget 2024 $m
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Rent receipts – income-related rent subsidies	1,128	1,215	1,297
Rent receipts – tenants	483	450	592
Crown appropriation revenue	107	185	192
Interest revenue	21	37	43
Mortgage Insurance Scheme income	11	5	5
Other receipts	51	197	53
Payments to suppliers and employees	(1,273)	(1,708)	(1,688)
Interest paid	(199)	(291)	(531)
Income tax paid	(88)	(7)	47
Net cash flows from/(used in) core operating activities	**241**	**83**	**10**
Sales of developments	63	61	208
Land development activities	(184)	(413)	(721)
Sub-total - land development operating cash flows	**(121)**	**(352)**	**(513)**
Net cash flows from/(used in) operating activities	**120**	**(269)**	**(503)**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Sale of rental properties and management assets	24	67	61
Mortgage and other lending repayments	(2)	13	0
Purchase of rental property assets	(2,216)	(3,474)	(4,278)
Purchase of other property, plant and equipment	(33)	(20)	(22)
Purchase of intangible assets	(6)	(9)	(14)
Net short-term investments (made)/realised	(111)	777	46
Net cash flows from/(used in) investing activities	**(2,344)**	**(2,646)**	**(4,207)**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Net capital contributions (to)/from the Crown	(2)	213	809
DMO note issued	0	2,460	3,901
Market note issued	2,167	168	0
Net cash flows from/(used in) financing activities	**2,165**	**2,841**	**4,710**
Net cash flows	(59)	(74)	0
Opening cash and cash equivalents	233	174	100
Closing cash and cash equivalents	**174**	**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). 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 2023.

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 policy that minimises any significant change to interest rates on projected borrowings.	Low
Credit risk – Welcome Home Loans (Mortgage Insurance Scheme) The Mortgage Insurance Scheme insures low-equity mortgage lending with terms averaging 28 years. Premiums for this product are received upfront but the risks of default are greatest over the first 15 years of the loan. Part of the premium received is moved to reserves to be recognised in future years in proportion to the risk of default.	The cash reserve is insufficient to meet subsequent defaults.	External actuaries assess the adequacy of held reserves every 6 months.	Low
Revenue from rents A rent growth rate is applied in line with current market expectation.	Market rent is outside the control of Kāinga Ora.	Variance to forecast rent has the largest potential impact 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

Forecasting assumption	Risk	Financial effect/ action taken	Net level of uncertainty
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

	2022/23 %	2023/24 %
FINANCING INDICES		
Average overall rate	7.3	4.5
PRICE ADJUSTORS		
Rent growth	4.7	5.5
Rates	8.3	5.5
Maintenance (underlying)	11.7	10.9
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	-10.9	-5.8

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 $49,644 million at 30 June 2024, funded by liabilities of $20,206 million and equity of $29,438 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 2023 $m	Equity as at 30 June 2024 $m
30,888	29,438

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 agency (Crown agency as defined by the Crown Entities Act 2004) and is domiciled and operates in New Zealand. The relevant legislation governing the operations of Kāinga Ora and its subsidiaries (the Kāinga Ora Group) is the Crown Entities Act 2004 and the Kāinga Ora–Homes and Communities Act 2019. The ultimate parent of Kāinga Ora is the Sovereign in right of New Zealand.

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** – Investing in sustaining and enhancing the environment to support the wellbeing of current and future generations.
- **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 2023. 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 64 to 68. 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.

(i) 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 Statement of Comprehensive Revenue and Expense.

Subsequent to initial recognition, land and buildings are revalued to fair value at the end of each year and recognised at their revalued amounts. Buildings are depreciated during the year through to the next revaluation.

Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is recognised in the asset revaluation reserve in other comprehensive revenue and expense, except to the extent that it offsets a previous revaluation deficit for the same asset class that was recognised in the net Comprehensive Revenue and Expense for the year. In such circumstances, the surplus is recognised in the Statement of Comprehensive Revenue and Expense for the year.

Any revaluation deficit is recognised in the Statement of Comprehensive Revenue and Expense for the year except to the extent that it offsets a previous revaluation surplus for the same asset class that was recognised in the asset revaluation reserve in other comprehensive revenue and expense. In such circumstances, the deficit is offset to the extent of the credit balance existing in the revaluation reserve for that asset class.

An item of property is derecognised upon disposal or when no future economic benefit or service potential is expected to arise from the continued use of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is included in the Statement of Comprehensive Revenue and Expense for the year in the period the item is derecognised. Gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Depreciation is calculated on a straight-line basis over the estimated useful life of buildings and their components, including chattels, as follows:

Rental properties	10–60 years

The Kāinga Ora Group applies the following estimates of economic lives to the components of its rental properties:

Buildings	40–60 years
Improvements	25 years
Chattels	10 years

e. Work in progress

Construction work in progress is recognised at cost less impairment losses (if any). On completion, it will be accounted for as rental property or properties held for sale.

f. Provision for future development costs

Management makes significant judgements when estimating the amount of the provision for future development costs. As a prerequisite for establishing a provision in relation to each development, management needs to determine whether that development site has been sold. All relevant factors are assessed in ascertaining whether or not the significant risks and rewards of ownership have transferred to the purchaser when determining whether a sale has occurred.

Management estimates future development costs using a model that includes both development-specific costs and a share of site-wide costs. Those costs specific to a particular development are those that provide a direct benefit to that development and typically include construction, landscape design and engineering costs. Site-wide costs are those that are incurred on a total site-wide basis that benefit all developments in the site area and typically include site-wide amenity assets, site-wide remediation and coastal walkway costs. An apportionment of site-wide costs is allocated to each individual development based on the proportion of that development's area to the total site area.

At each balance date, the estimate of future development costs is revised by updating the underlying assumptions and taking account of the latest available information in the future development cost model. This includes consideration of development costs incurred to date, internal business planning strategies and external experts' assessments as to the likely cost of work required to complete both the particular development and the entire site development.

g. Properties held for sale

Properties identified as meeting the criteria for recognition as held for sale as defined in PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are reclassified as properties held for sale. This classification is used where the carrying amount of the property will be recovered through sale or transfer, the property is available for immediate sale in its present condition and a sale or transfer is highly probable.

Property held for sale is recorded at the lower of the carrying amount and fair value less costs to sell. From the time a property is classified as held for sale, depreciation is no longer charged on the properties.

h. Properties under development

The Kāinga Ora Group subdivides large pieces of land where it does not intend to retain the resulting titles. These properties will not be retained for the long term. As these properties are held to develop for sale in the ordinary course of business, they are classified as inventory.

An asset is considered as property under development when it is considered as being available for sale. An asset is considered available for sale when one of the counterparties agrees to the terms of sale proposed by the other counterparty.

Properties under development are recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Any write-downs to net realisable value are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

i. Other property, plant and equipment

Motor vehicles, office equipment, furniture and fittings, computer hardware and leasehold improvements are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the equipment as follows:

Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	10 years
Computer hardware	4 years
Leasehold improvements	The shorter of the period of lease or estimated useful life

An item of property, plant or equipment is derecognised upon disposal or when future economic benefits are no longer expected to arise from its use. Any gain or loss is included in the Statement of Comprehensive Revenue and Expense for the year in which the item is derecognised. Gain or loss on sale is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

j. Intangible assets

The Kāinga Ora Group has intangible assets that include other intangibles as well as software that has been externally purchased and software that has been internally developed. Software is developed to meet Board-approved changes and improvements to the Kāinga Ora Group's way of working, structures, processes, products and systems.

Eligible computer software is capitalised at cost and amortised over a period of four to seven years on a straight-line basis. Following initial recognition, it is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation is recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Computer software is tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis, and adjustments, where applicable, are made on a prospective basis.

Fees associated with the access to the software of software as a service (SaaS) arrangements and the configuration and customisation costs of the software in the SaaS arrangements are recognised as expenses in the Statement of Comprehensive Revenue and Expense.

Gains or losses arising from derecognition of computer software are recognised in the Statement of Comprehensive Revenue and Expense when the asset is derecognised. They are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

k. Impairment of plant, equipment and intangible assets

The primary objective of the Kāinga Ora Group from its non-financial assets (excluding any property, plant and equipment) is to provide social housing rather than to generate a commercial return, and consequently it does not hold any material cash-generating property, plant and equipment or intangible assets.

Non-cash-generating plant and equipment and intangible assets

Plant and equipment and intangible assets held at cost have a finite useful life and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

If an item of plant and equipment or intangible asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

l. Financial assets

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 or 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 (SPPI) on the principal balance.

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

Specific financial assets at amortised cost include the following:

Cash and cash equivalents

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

Mortgages and housing-related lending

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

Receivables (exchange and contractual non-exchange transactions)

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

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

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

Investments

Investments consist of money market deposits, commercial paper, enhanced registered certificates of deposit, registered certificates of deposit and treasury bills. These investments meet the Solely Payments of Principal and Interest (SPPI) test and are managed on a hold to collect business model. These debt investments are carried at amortised cost using the effective interest method or Fair Value through Comprehensive Deficit (FVCD) depending on the type of investment. Expected credit losses, using the general approach, are recognised in accordance with the accounting policy for impairment of financial assets. See the accounting policy 'impairments' for more detail.

New Zealand Government Bonds

New Zealand Government Bonds are fixed term debt securities issued by the New Zealand Government. These investments are classified as fair value through the surplus 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 the Mortgage Insurance Scheme (MIS). The carrying value of these guarantees approximates fair value of the likely amount of payments under the Mortgage Insurance Scheme are subjected to an actuarial reassessment each year.

o. Mortgage insurance liabilities

Insurance contract liabilities are recognised when entered into and a premium is charged.

Mortgage Insurance Scheme liabilities include the outstanding claims liability and the unearned premium reserve. The outstanding claims liability is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, irrespective of whether a claim has been reported or not, including related claims handling costs. It can take a significant period of time before the ultimate claims cost can be established with certainty. The liability is determined at reporting date using a range of actuarial valuation techniques. Any liability is derecognised when the contract expires, is discharged or is cancelled. The unearned premium reserve represents that portion of premiums received or receivable that relate to risks that have not yet expired at the reporting date. A reserve includes amounts recognised when contracts are entered into and premiums charged and reduces as premium income recognised over the term of the contract in accordance with the pattern of insurance service provided under the contract. This liability is discounted to recognise the time value of money. A risk margin percentage is also factored in using the 75 percent probability of sufficiency level.

At each reporting date, the Kāinga Ora Group reviews its unexpired risk and a liability adequacy test is performed as laid out under PBE IFRS 4 Insurance Contracts Appendix D, to determine whether there is any overall excess of expected claims over the unearned premium liabilities. This calculation uses a stochastic frequency/severity model. The ultimate outcome for each loan is randomly simulated. The distribution of results is analysed and the average and various percentiles are calculated. If these estimates show that the carrying amount of the unearned premium reserve is inadequate, the deficiency is recognised in the Statement of Comprehensive Revenue and Expense for the year by establishing a provision for liability adequacy.

The Kāinga Ora Group holds, at all times, investments equivalent to at least the total value of the Mortgage Insurance Scheme liabilities to meet any claims under the scheme.

p. Derivative financial instruments

The Kāinga Ora Group uses derivative financial instruments such as interest rate swap contracts to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. Changes in fair value are charged to net surplus/(deficit) unless they are in a hedge relationship.

(i) Fair value

The fair value of derivative financial instruments is determined by referencing to current rates for similar instruments with similar maturity profiles and is calculated as the net discounted estimated cash flows of the instrument and based on the New Zealand dollar swap borrowing curve, as reported by Bloomberg, which is an active market interest rate benchmark.

(ii) Hedge accounting

The Kāinga Ora Group designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges and cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group assesses whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the hedge effectiveness requirements.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in surplus/(deficit).

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in surplus/(deficit). For debt instruments measured at fair value through surplus/(deficit) (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 the net surplus/(deficit).

The effective portion of changes in the fair value of interest rate swaps and that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense is accumulated under the heading '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)' line item.

Amounts previously recognised in other comprehensive revenue and accumulated in equity are reclassified to surplus/(deficit) in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive revenue and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive revenue.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive revenue and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to surplus/(deficit) when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the surplus/(deficit).

q. Employee benefits

Employee benefits include wages and salaries (including non-monetary benefits such as medical, trauma, life and income continuance insurance), annual leave, long-service leave and sick leave. They are measured as the amounts expected to be paid when the liabilities are settled. A present value model is used for calculating long-service leave and accumulated sick leave in accordance with instructions from the New Zealand Treasury. Employee benefits expected to be settled within 12 months of the balance date are recognised as current liabilities at 30 June. Long-service leave, where entitlements are not vested at balance date, is treated as a non-current liability.

r. Leases

The determination of whether an arrangement is or contains a lease includes the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the extent to which the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(i) Kāinga Ora as a lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive revenue and expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of liability.

(ii) Kāinga Ora as a lessor

Leases in which the Kāinga Ora Group retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

s. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Kāinga Ora Group and the revenue can be reliably measured.

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions is where the Kāinga Ora Group receives value from another party for which it provides either no or below-market consideration. Revenue from non-exchange transactions is recognised when initial control over the resources is gained as a result of a past event, receipt of future economic benefits or service potential from those resources is expected, there are no conditions attached to the resources gained and the fair value of the assets can be measured reliably. Revenue generated from non-exchange transactions is represented below:

Income-related rental from tenants and 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 the Statement of Comprehensive Revenue and Expense. Premium revenue, including premium subsidies from the Crown, is recognised over the estimated term of the contract according to actuarial assessment of the risk exposure under the contract.

Interest revenue

Interest revenue on mortgages, including interest subsidies from the Crown, and investments is recognised as the interest accrues (using the effective interest rate method) to the net carrying amount of the financial asset.

Management fees

The Kāinga Ora Group receives management fees from the Housing Agency Account 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 percent, the tax base of the Kāinga Ora Group's buildings is nil. Therefore, the tax and accounting bases differ for buildings and the IRE applies. The IRE applies to the acquisition of buildings and to some additions to buildings post 1 July 2010.

Deferred income tax assets are amounts of income taxes recoverable in future periods in respect of all deductible temporary differences, carry forward of unused tax losses or tax credits. The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

v. Interest deductibility on borrowings to purchase residential rental properties

On 30 March 2022, the Taxation (Annual Rates for 2021–22, GST, and Remedial Matters) Act 2022 received Royal Assent. The act limits deductibility of interest paid on borrowings to purchase residential rental property.

An exemption from the interest deductibility limitation rules for Kāinga Ora – Homes and Communities and its subsidiaries is embodied in the legislation. Therefore, these rules do not apply to the Kāinga Ora Group, and the entities can continue to claim a full deduction for any interest paid on borrowings.

w. Other taxes

The Kāinga Ora Group is mainly an exempt supplier in relation to GST. GST on the majority of inputs cannot be reclaimed. Therefore, it is included in expenditure. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed gross of the amount of GST recoverable from or payable to the taxation authority.

x. Service concession arrangements – grantor

Service concession arrangements are recognised as assets within property, plant and equipment until the in-service date, at which time they are recognised as a separate asset class. As such, service concession arrangements are accounted for in accordance with the policies, which comply with PBE IPSAS 17 *Property, Plant and Equipment*.

y. Contingent assets

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 Group housing portfolio contains approximately 70,600 residential properties, from each of which it receives revenue based on a level of rent equivalent to that which the properties could be expected to generate in the open rental market. In most circumstances, a portfolio of rental properties would be classified as investment properties. However, in the case of public homes, the Crown subsidises the balance between the level of market rent and that deemed affordable from the tenant based on the tenant's level of income. Management therefore considers the prime strategic purpose for holding rental properties is for 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, the Kāinga Ora Group classifies its non-financial assets as non-cash-generating assets including its portfolio of rental properties. Although cash revenue, equivalent to a market rent, is generated from rental properties, the revenue comprises income-related rent received from tenants and subsidies received from the Crown, as the primary objective of providing these assets is 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 the Kāinga Ora Group must be committed to the impending sale or distribution transaction.

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

The Kāinga Ora Group receives revenue primarily from rent received from its tenants, Crown operating appropriations and interest received from mortgage advances and short-term investments. In determining whether its various revenues are from exchange transactions or non-exchange transactions, management exercises judgement as to whether the Kāinga Ora Group gives approximately equal value (primarily in the form of cash, goods, services or use of assets) in exchange for the revenue it receives.

As there are no assets or services of approximately equal value provided back to the Crown in exchange for the funding it receives from the Crown, management has determined that revenue from 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

The Kāinga Ora Group enters lease arrangements with respect to rental properties leased from third parties, properties it occupies, motor vehicles and office equipment.

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Kāinga Ora Group. Judgement on various aspects is required including, but not limited to, fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset will be recognised in the statement of financial position as property, plant and equipment, whereas no such asset is recognised for an operating lease.

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

(vi) Classification of assets as property under development

Management reclassifies assets from PPE to properties under development (PUD) when there is a change in use evidenced by the commencement of development with a view to sell. Assets are transferred to PUD when the purpose for which the property is held changes, which in this case is to sell at market or affordable pricing. This transfer occurs at the time a term sheet is completed with a developer evidencing the intention to sell the assets.

b. Key assumptions applied and other sources of estimation uncertainty

(i) Fair value of rental properties

The Kāinga Ora Group revalues rental properties annually. Fair value is determined by reference to market-based evidence from independent valuers Quotable Value New Zealand. Market-based evidence provides an indication of value by comparing the asset with identical or comparable traits for which price information is available. Market evidence is compared either on a direct comparison or on the summation approach after adjustments for material differences such as size, location, quality and condition.

The Kāinga Ora Group manages more than 70,600 properties[27] around New Zealand (2022: 69,509). In performing the valuation, the entire portfolio has not been individually inspected due to its size. A market indexation approach has been adopted for the remaining uninspected

27. As at 31 March 2023, including public and supported homes (transitional and Community Group Housing) owned, leased and leased to other providers.

properties within the portfolio due to the homogeneous nature of the portfolio. Properties are valued based inherently on their highest and best use.

(ii) Fair value of derivative financial instruments and investments

The value of the Kāinga Ora Group's interest rate derivatives is adjusted to their fair values on a daily basis using current market interest rates (bank bill mid-rate, swap pricing curve).

(iii) Mortgage guarantee provision

The mortgage guarantee provision is an actuarially assessed amount likely to be payable under that guarantee. The value of the provision depends on various factors, some of which are the value of the loans expected to default, the number of active mortgages and the average loan balance.

(iv) Impairment of properties under development

All inventory items are valued at the lower of cost or net realisable value determined principally by the expected sale price less the carrying amount and the expected cost to put the property into a state that is ready for sale. The expected cost to put the property into a state that is ready for sale is calculated based on costs to completion including headworks, selling costs, demolition costs and future development costs amongst others.

(v) Impairment of non-financial assets

As at each balance date, all assets are assessed for impairment by evaluating conditions specific to the Kāinga Ora Group and to the particular asset that may lead to impairment. These include technological, economic and political factors and future expectations, as the primary objective is to provide services for community or social benefit rather than financial return. If an impairment trigger exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

(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.

Appropriations – output tables

The following tables set out the appropriated funding Kāinga Ora expects to receive from the Crown in 2023/24. This funding is shown by appropriation and programme and is aligned with Kāinga Ora output classes.

Output table: Crown appropriations by Kāinga Ora output class

		Kāinga Ora output classes			
		Output class 1	Output class 2	Output class 3	Output class 4
Appropriation and programme	**$m**	**Supporting our customers to live well with dignity, stability and connectedness**	**Growing, renewing and maintaining our homes**	**Delivering and facilitating urban planning and development**	**Supporting Crown infrastructure and home ownership initiatives**
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	0.118				0.118
Total Kāinga Ora home ownership and administration	**21.631**	**–**	**–**	**–**	**21.631**
SINGLE SITE SUPPORTED HOUSING					
Hapori Kaitiaki function at Greys Avenue	1.941	1.844	0.097		
Function at Rolleston St	0.486	0.462	0.024		
Total single site supported housing	**2.426**	**2.305**	**0.121**	**–**	**–**

		Kāinga Ora output classes			
		Output class 1	Output class 2	Output class 3	Output class 4
Appropriation and programme	**$m**	**Supporting our customers to live well with dignity, stability and connectedness**	**Growing, renewing and maintaining our homes**	**Delivering and facilitating urban planning and development**	**Supporting Crown infrastructure and home ownership initiatives**
KĀINGA ORA - HOMES AND COMMUNITIES					
Te Kurutao	10.772		1.616	7.540	1.616
Core Urban Development	36.814			36.814	
Sustainability Building Initiatives	5.792	2.314	2.553	0.718	0.207
KiwiBuild	10.627				10.627
First Home Partner	2.244				2.244
Infrastructure Administration Fund - Administration	5.673				5.673
Total Kāinga Ora – Homes and Communities	**71.922**	**2.314**	**4.169**	**45.072**	**20.367**
First Home Grant	64.500				64.500
Kāinga Ora Land Programme (Operating/ Holding Costs)	6.390			6.390	
Grand total	**166.869**	**4.619**	**4.290**	**51.462**	**106.498**

Output table: Multi-category appropriations (MCA) 2023/24

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

		Kāinga Ora output classes			
		Output class 1	**Output class 2**	**Output class 3**	**Output class 4**
Appropriation and programme	**$m**	**Supporting our customers to live well with dignity, stability and connectedness**	**Growing, renewing and maintaining our homes**	**Delivering and facilitating urban planning and development**	**Supporting Crown infrastructure and home ownership initiatives**
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 of Public Housing Provision	1,278.412	127.841	1,150.571		
This contains both Kāinga Ora IRRS and regional incentive appropriations.					
EARTHQUAKE-PRONE BUILDING MCA					
EPB Operating Expenses	0.750				0.750
EPB Loan Scheme – Capital Expenditure	2.500				2.500
ENERGY AND RESOURCES: RENEWABLE ENERGY IN PUBLIC AND MAORI HOUSING MCA					
Energy and Resources: Renewable energy in Public and Maori Housing – Operating Expenses	0.864	0.345	0.381	0.107	0.031
Energy and Resources: Renewable energy in Public and Maori Housing – Capital Expenditure	7.090	2.832	3.125	0.879	0.254
Total multi-category appropriations	**1,306.321**	**128.186**	**1,174.747**	**0.107**	**3.281**

Output table: Capital appropriations 2023/24

		Kāinga Ora output classes			
		Output class 1	Output class 2	Output class 3	Output class 4
Appropriation and programme	**$m**	**Supporting our customers to live well with dignity, stability and connectedness**	**Growing, renewing and maintaining our homes**	**Delivering and facilitating urban planning and development**	**Supporting Crown infrastructure and home ownership initiatives**
Refinancing of Crown loans to Kāinga Ora - Homes and Communities	423.103		423.103		
Infrastructure Investment to Progress Urban Development (MYA)	56.925				56.925
Progressive Home Ownership Fund (MYA)	41.344				41.344
Housing Acceleration Fund – Large-Scale Programmes	804.700			804.700	
Housing Acceleration Fund - Infrastructure Acceleration Fund	36.182				36.182
Total capital appropriations	**1,362.253**	**–**	**423.103**	**804.700**	**134.451**

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 – Information communication and technology asset performance

Our information communication and technology (ICT) asset portfolio

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

Measure	Indicator	2020/21 Target	2020/21 Actual	2021/22 Target	2021/22 Actual	2022/23 Target	2023/24 Target
Percentage of incidents resolved on first contact by ICT service desk	Condition	≥80.00%	89.51%	≥80.00%	89.00%	≥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%	99.98%	≥99.90%	99.80%	≥99.90%	≥99.90%
Core systems availability – Oracle EBS	Availability	≥99.90%	99.97%	≥99.90%	99.90%	≥99.90%	≥99.90%
Core systems availability – websites	Availability	≥99.90%	99.71%	≥99.90%	99.93%	≥99.90%	≥99.90%
Infrastructure as a service resource utilisation*	Utilisation	≥90.00%	76%	≥90.00%	86.00%	≥90.00%	≥90.00%

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

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

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

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
1.2	N/A	Percentage of public housing customers satisfied with Kāinga Ora Customer Support Centre	≥85%	N/A	Removed measure	This measure has been replaced with a new 'satisfaction with tenancy related interactions' measure (SPE 1.2) that considers three aspects of customer service: – satisfaction with Kāinga Ora Customer Support Centre – overall satisfaction with Housing Support Manager – ensuring Individual circumstances are taken into account.
1.2, 1.7	1.2	Tenant satisfaction with tenancy and Customer Support Centre interactions	New measure	≥78%	New consolidated measure	This measure summarises satisfaction with different aspects of tenancy related interactions into one overarching measure (see commentary above).
1.4	N/A	Percentage of customers who feel their tenancy manager treats them with respect	≥85%	N/A	Removed measure	This measure has been replaced with 'Overall satisfaction with Housing Support Manager' and is one of three aspects considered for SPE 1.2. We felt that being satisfied with your Housing Support Manager was a more comprehensive measure and included being treated respectfully.

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
1.5	N/A	Percentage of new customers who sustain their tenancy for 12 months or more	≥92%	N/A	Removed measure	This measure has been added to our recently published SOI 2022-26 (SOI 2.4) with a 2025/26 target of 95 percent. This measure is better suited as a medium-term indicator of our success in supporting customers to sustain their tenancies over time as the trends need to be considered over several years – not just a single year.
1.7	N/A	Percentage of customers who feel their tenancy manager takes into account their individual circumstances	≥75%	N/A	Removed measure	This measure has been replaced with a new 'satisfaction with tenancy related interactions' measure (SPE 1.2) that considers three aspects of customer satisfaction: – satisfaction with Kāinga Ora Customer Support Centre – overall satisfaction with Housing Support Manager – ensuring Individual circumstances are taken into account

Output class 2 – growing, renewing and maintaining our homes

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
2.3	2.3	Percentage of new public and supported homes built to the 6 Homestar v 4.1 standard and the Kāinga Ora 6 Homestar v5 Transition Standard or higher	≥90%	≥90%	Definition change	The measure reflects the mix of standards that apply. Kāinga Ora is preparing to fully adopt the latest version of the 6 Homestar standard (version 5), but this remains subject to funding. In the interim, a transitional solution has been implemented for all new projects briefed from 1 January 2023.
2.6	N/A	Develop appropriate housing construction timeliness to deliver metrics (from project initiation to construction delivery).	By 31 December 2022	N/A	Removed measure	This measure has been completed and will be replaced by a new measure (see below).
N/A	2.6	Time taken to design and build a new Kāinga Ora public or supported home – Houses – Apartments	New measure	 32 months 46 months	New measure	Replaces SPE 2.6 from prior year. Timeliness to construct new homes is vital to demonstrate our ability to deliver our construction programme at scale and pace.
2.7	N/A	Number of public houses completed as part of Kāinga Ora home renewal programmes[28]	≥700	N/A	Removed measure	The intent of this measure was to measure retrofits for standalone homes and apartments. However, we believe that a more suitable measure is one that focuses on the renewal of our entire public housing portfolio. To that end, we have included Measure 3.2 in our refreshed Statement of Intent, which has an annual renewal target of 2.5% per annum.

28. This includes Kāinga Ora retrofit and complex remediation programmes.

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
2.8	N/A	Percentage of demolition waste diverted from landfill			Removed measure	This measure has been included in our refreshed SOI (measure 5.1). Targets and indicative baselines will be published in the Kāinga Ora Emissions Reduction Plan in December 2023. The SOI will be updated with these targets concurrently.
		– Auckland region	≥80%	N/A		
		– Rest of New Zealand	≥65%	N/A		
2.9, 2.10	2.7	Number of new trainees engaged in our Kāinga Ora construction apprenticeship/ cadetship programme:			Combined measure	This measure has merged two existing apprenticeship measures into one.
		– Total	≥100	≥125		
		– Maori	≥50%	≥25%		
		– Pacific peoples		≥25%		
2.11	N/A	Percentage of our construction partners who are satisfied or very satisfied with their on-going partnership with Kāinga Ora	≥65%	N/A	Removed measure	This measure is better suited to an operational metric because it evaluates an input rather than an output. We have therefore decided to remove it from our SPE but will continue to monitor it internally.

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
2.12	2.8	Percentage of public homes in areas identified for future redevelopment that are saved from demolition and relocated to non-Kāinga Ora land for home ownership and training apprenticeship pathways. Targeted groups may include:	Establish baseline	10%	Rephrased measure	This measure has been rephrased for improved public understanding of the measure's intent, i.e. that its purpose is saving old homes earmarked for redevelopment from demolition. The policy scope has also been widened to include training apprenticeship pathways.
		– Māori ropu or individuals, iwi or Māori Community Housing Providers (CHPs)				
		– Other CHPs, Non-Governmental Organisations (NGOs) or training providers.				
2.13	N/A	Percentage of building consents granted by Consentium within 20 working days[29]	≥98%	N/A	Removed measure	This measure has been removed as Consentium represents only one aspect of the construction timeline. We have introduced a more comprehensive measure on 'time taken to design and build' which includes Consentium results.

29. These building consents are granted by Consentium which is the only nationally accredited building consent authority (BCA) in New Zealand. It is a standalone and independent organisation within Kāinga Ora and is only authorised to grant building consents for public and supported housing.

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
2.17	N/A	Average time taken to respond to urgent health and safety maintenance queries	≤4 hours	N/A	Removed measure	This measure has been replaced with 'timeliness of maintenance expressed as a percentage' (SPE 2.12 for 2023/24). The new measure aggregates two maintenance timeliness measures (SPE 2.17, 2.18 from prior years) into one overarching measure.
2.18	N/A	Percentage of public housing customer maintenance requests completed within the agreed service level targets[30]	≥80%	N/A	Removed measure	This measure has been replaced with 'timeliness of maintenance expressed as a percentage' (SPE 2.12 for 2023/24). The new measure aggregates two maintenance timeliness measures (SPE 2.17, 2.18 from prior years) into one overarching measure.
2.17, 2.18	2.12	Timeliness of maintenance response expressed as a percentage	≥90%	≥90%	New consolidated measure	This measure summarises timeliness of maintenance requests into one overarching measure. It summarises SPE, 2.17 and 2.18 from prior years.

30. 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 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
2.19	N/A	Percentage of our public and supported housing portfolio that receives one or more major planned intervention[31]	≥13%	N/A	Removed measure	The intent of the measure was to demonstrate that we invest in proactive maintenance annually to protect the longevity of our assets. This intent is duplicated through a combination of measures that have been added to our refreshed SOI 2022-26: SOI 3.2: Average proportion of our public housing stock renewed per annum over the four-year period; and SOI 2.3: Percentage of public lettable properties that meet or exceed the asset condition baseline standard. To avoid this duplication, we have removed it from our SPE.
2.21	N/A	Percentage of public lettable properties that meet or exceed the asset condition scale baseline quality standar[32]	≥93.5%	N/A	Removed measure	The measures has been removed because it has been added to our refreshed SOI 2022-26 (SOI 2.3). The measure is more suitable for the medium term because initiatives to upgrade the portfolio take multiple years to complete. Our target for 2025/26 is 95%.

31. '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 re-instatement and meth-lab re-instatement for both public and supported housing. It excludes both our Healthy Homes and Renewal (retrofit and complex remediation) programmes.

32. Kāinga Ora uses the National 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

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
N/A	3.1	Hectares of land developed by Kāinga Ora	New measure	14.6 hectares	New measure	A new measure to provide visibility and accountability of our preparatory work in order to supply more houses for New Zealanders.
N/A	3.2	Number of new homes that can be enabled on land developed by Kāinga Ora	New measure	≥1,400	New measure	Unfavourable market conditions have led to lower sales of build-ready super-lots. We have added this new measure to reflect the output of our Urban Development and Delivery group.
3.1	3.3	Number of new homes enabled on land developed and delivered by Kāinga Ora	≥1,700	≥750	Rephrased measure	We have rephrased this measure to better differentiate it from SPE 3.2 (above). The distinction is that SPE 3.3 measures homes on Kāinga Ora developed land that have been sold in 2023/24. "Sold" means either market land sales or land handed over to Kāinga Ora for public and supported homes.
3.3	N/A	Percentage of market and affordable enabled homes under construction by third parties within agreed timeframes	≥95%	N/A	Removed measure	We have removed this measure as it has limited value. The agreed timeframes change periodically as developers and Kāinga Ora agree to revise the development agreements.

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
3.4	N/A	Percentage of deliverables met as per Kāinga Ora Large-Scale Projects monitoring framework agreed with HUD and the Minister	≥80%	N/A	Removed measure	Draft LSP Framework does not have milestones expressed as an annual target and is not suitable for setting milestones as initially envisaged. This measure will be replaced with SPE 3.5 in 2023/24
N/A	3.5	Percentage of project milestones met as per Large-Scale Project plans			New measure	A new measure to provide accountability and visibility over the progress our Large-Scale Programme deliverables.
3.6	N/A	Percentage of new market, affordable and TRC public homes enabled to the 6 Homestar standard	≥90%	N/A	Removed measure	These are not a direct output of Kāinga Ora. Kāinga Ora does not directly produce these homes; instead, they are built by private developers on land enabled by Kāinga Ora urban development activities. We have signed development agreements with the developers, specifying that the homes must meet a 6 Homestar standard but we do not have control over their final delivery.
3.7	N/A	Number of jobs[33] to be created, utilised and retained through the life of Shovel Ready Projects	Track progress towards three-year target of ≥320 by June 2024		Removed measure	This is not a core part of our business. It relates to Infrastructure Reference Group projects and the Infrastructure Investment Programme, which are monitored by Crown Infrastructure Partners. However, Kāinga Ora is not included as it has its own reporting system.

33. Full Time Equivalents (FTEs).

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
3.8	N/A	Urban Development Strategy and implementation plan adopted	By October 2022	N/A	Removed measure	Measure completed.
3.9	N/A	Strategic land acquisition plan for Kāinga Ora Land Programme adopted	By October 2022	N/A	Removed measure	Measure completed.
N/A	3.6	Percentage of Kāinga Ora housing developments that meet expectations, as defined in the 'Kāinga Ora Urban and Landscape Design Quality Outcomes Matrix'. Based on a representative sample of building activity.	New measure	80%	New measure	New measure to reflect Kāinga Ora focus on applying best in class urban design guidelines to our new build activity.
3.10	N/A	Number of projects that have been formally considered for selection as a specified development project under the Urban Development Act 2020	3 selection reports completed and decisions made		Removed measure	This measure has been replaced with SPE 3.7 (below) which focusses on efficiently supporting projects once they have gotten through the selection process. Rather than have two measures on the SDP process, we have decided to focus on assessments of the projects (SPE 3.7) as this is the more substantive stage in the process.
N/A	3.7	Number of projects that have been assessed as potential Specified Development Projects under the Urban Development Act 2020	New measure	2 assessment reports completed	New measure	This new measures is intended to measure progress of proposed SDPs after they have been selected. Assessment is the more detailed phase of the SDP process.

Output class 4 – supporting crown infrastructure and home ownership initiatives for new zealand

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
4.5	N/A	Number of homes purchased by New Zealanders with one or more of our home ownership products	Demand driven	N/A	Measure removed	This measure is duplicated in SOI 3.3. Kāinga Ora will continue to provide quarterly reporting to HUD to facilitate data collection purposes.
4.6	N/A	Percentage of homes purchased by New Zealanders with one or more of our home ownership products who identify themselves as: – Māori – Pacific peoples	Monitor and report progress	N/A	Measure removed	This measure is duplicated in SOI 1.1. Kāinga Ora will continue to provide quarterly reporting to HUD to facilitate data collection purposes.
4.8	N/A	Percentage of IAF funding agreements, with an aggregate call on the IAF fund of approximately $1 billion, entered into by 30 June 2023	≥80%	N/A	Measure removed	Measure completed. To be replaced by 4.6
New measure	4.6	Percentage of infrastructure milestones[24] completed on time	New measure	≥80%	New measure	Replaces SPE 4.8 for next stage of IAF process.

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

Organisational performance measures

Ref 2022/23	Ref 2023/24	Measure	Standard 2022/23	Standard 2023/24	Type of Change	Rationale for change
ENVIRONMENTAL MEASURES						
Org_3.4	N/A	Emissions associated with Kāinga Ora activities reported in Kāinga Ora Annual Report 2022/23 in line with the Carbon Neutral Government Programme requirements	Pass	N/A	Measure removed	Removed as measure has now been achieved.
New measure	Org_1.1	Health and safety maturity assessment (internal) score	New measure	New measure	New measure	We have included a performance measure to incorporate health and safety best-practices within the organisation.

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Kāinga Ora
Homes and Communities

Te Kāwanatanga o Aotearoa
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