



# ANNUAL REPORT 2019/20



**Te Tūāpapa Kura Kāinga**  
Ministry of Housing and Urban Development



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Ministry of Housing and Urban Development  
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## KAIWHAKAHAERE MATUA

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### Tēnā koutou

He nui ngā wero kua pihi ake i te tau 2019/20, ā, he whakamaharatanga pai ngā kaupapa rā o te hirahiratanga o tētahi kāinga mahana, haumarū, maroke anō hoki. I te putanga o te whakahau me noho a Aotearoa ki te kāinga, e haumarū ai te noho, i te Poutūterangi 2020, hei kaupare i te mate Kōwhēori-19, tē taea tēnei e te hunga kāinga kore. Ka mate te motu ki te noho rāhui, he nui ā mātau mahi, pēnei i ngā mahi taunaki i ngā whānau ki te whai kāinga i te wā o te noho rāhui, i te whakarite ture hei tiaki i ngā kairēti i te āhua ki ngā pikinga rēti me ngā whakatepanga whakaaetanga rēti, me te tuku āwhina hei taunaki i te rāngai waihanga me ā rātau mahi. Whakahīhī ana ahau i tā te Manatū whakakotahi hei rōpū whakahaere, me ngā hoa haere kōtui, ki te āwhina i a Aotearoa.

Hei āpiti atu ki ngā uauatanga o te Kōwhēori-19 me ana pānga i te tau nei, mōrearea tonu ana ngā āhuatanga whare. Nā wai i hirahira, ka hirahira kē atu ā mātau mahi urupare i tēnei mōreareatanga me ngā whare, ngā whanaketanga whare hoki i te whenua nei mō te āpōpō o Aotearoa.

I te tau 2019/20, i whanake tonu te Manatū me āna mahi mā te kāwanatanga me te whakarite tūāpapa pūnaha tātari – He whanaketanga nui ēnei e tata atu ai mātau ki te pūnaha e hiahia ana me te take i whakatūngia ai mātau e te kāwanatanga. I whai hoa hou mātau i te Kāwanatanga me te rāngai whānui hei hanga rautaki ki te kaupare me te whakaheke i te nui o te hunga kāinga kore, i tautoko mātau i te whanaketanga o tētahi kaupapa āwhina i ngā tāngata o Aotearoa ki te hoko kāinga, i ārahi mātau i te whakatūnga o Kāinga Ora – hei rangatira mō ngā kāinga tūmatawhānui a te Kāwanatanga me ngā whakawhanaketanga whare tāone, i whakarewa mātau i Te Maihi o te Whare Māori, ā, i whakawhānui hoki mātau i tā mātau kaupapa whakahoahoa ā-wāhi.

Kua whai ingoa Māori hoki mātau – Te Tūāpapa Kura Kāinga – i roto i tā mātau whai kia kaupapa Māori te karawhiu i roto i ā mātau mahi katoa. I te ao Māori, e whakaatu nei a Te Tūāpapa Kura Kāinga i tā mātau whai ki te whakawhanake i ngā hapori kia puāwai e whai kāinga ai te katoa o Aotearoa. E hāngai ana ki te hirahiratanga o te oranga o te tangata i roto i tērā kāinga me te hononga ki te whenua – e whakamānawa ana i te tangata whenua me ngā reanga maha kua roa nei e pupuri ana i te ahikā – me tā mātau ū ki te manaaki i ngā reanga o āpōpō.

Arahina a rau ringa e tutuki ai te whāinga – kei roto i te pūnaha te oranga o tā mātau i whai ai – he kāinga ora, he hapori ora.

Nāku noa, nā



**Andrew Crisp** | Chief Executive  
Te Tūāpapa Kura Kāinga



## CHIEF EXECUTIVE FOREWORD

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Tēnā koutou

The 2019/20 year has been challenging for us all and the events have reinforced the importance of having a warm, safe, dry place to call home. In March 2020, when New Zealanders were asked to stay home to save lives in response to the global Covid-19 pandemic, this simply wasn't possible for those without one. When the country went into lockdown, we supported people into housing, developed laws to protect tenants from rent increases and tenancy terminations, and gave advice to support the construction sector to get back up and running. I am incredibly proud of the way the Ministry has come together as an organisation, with our many partners, to help New Zealanders get through.

In addition to Covid-19, which continues to have an unprecedented impact on this country and the rest of the world, we are still facing a housing crisis. Our work to resolve this crisis and the necessary housing and urban development for New Zealand's future is more important than ever.

During the 2019/20 year the Ministry has continued to make good progress on delivering government priorities and establishing critical system foundations – key steps towards the system we want to deliver on and the reason the government established us. We have partnered across Government and with the sector to develop a comprehensive plan to prevent and reduce homelessness, supported the development of a scheme to help more New Zealanders into home ownership, led the establishment of Kāinga Ora – Homes and Communities as the Government's public housing landlord and urban development authority, launched Te Maihi o te Whare Māori, and expanded our place-based approach.

We have also received a te reo Māori name – Te Tūāpapa Kura Kāinga (the foundation for a treasured home) – as we continue to embed a kaupapa Māori approach into all that we do. In te ao Māori, Te Tūāpapa Kura Kāinga reflects our purpose to create thriving communities where everyone has a place to call home. It speaks to the importance of ensuring the wellbeing of people within that home, and our connection with the land – acknowledging tangata whenua and the generations of people who have always called this place 'home' – and our commitment to delivering for future generations of New Zealanders.

Arahina a rau ringa e tutuki ai te whāinga – it is through guiding the system that we achieve our purpose – thriving communities where everyone has a place to call home.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'Andrew Crisp'.

**Andrew Crisp** | Chief Executive  
Ministry of Housing and Urban Development

## HE MĀTAITANGA KI TE MANATŪ WHARE ME TE MANATŪ WHAKAHIATO ORA MINISTRY OF HOUSING AND URBAN DEVELOPMENT AT A GLANCE

### Te Tūāpapa Kura Kāinga

Te Tūāpapa Kura Kāinga translates to 'the foundation for a treasured home'. The name comes from the Māori proverb 'he kura kāinga e hokia, he kura tangata e kore e hokia', or 'a treasured home will endure, not so a treasured person'. The proverb connects strongly to our principles: Long-term – System-wide – People-centred – Treaty-anchored – Whenua-based, and also our purpose: he kāinga ora, he hāpori ora - thriving communities where everyone has a place to call home.

The Ministry of Housing and Urban Development is responsible for the leadership and performance of New Zealand's housing and urban development system and for joining up responsibilities and resourcing across government.

As stewards and shapers of the system we are responsible for strategy, policy, funding, monitoring and regulation. As a Treaty of Waitangi partner, we work together across government to provide a one door approach for whānau, hapū and iwi - listening, talking, learning, and collaborating - to advance the housing and urban development outcomes of Māori.



**Te Tūāpapa Kura Kāinga**  
Ministry of Housing and Urban Development

**315 people** (approx.) net increase of 64 in the year

**2 locations** (Wellington and Auckland)

**4 Ministers** the Ministry serves

**2 key organisations** which we monitor

Kāinga Ora – Homes and Communities, and  
Tāmaki Regeneration Company

**55 Community Housing Providers** which we regulate

**9 Acts** the Ministry is responsible for:

- Kāinga Ora – Homes and Communities Act 2019
- Housing Act 1955
- Housing Accords and Special Housing Areas Act 2013
- Housing Assets Transfer Act 1993
- Public and Community Housing Management Act 1992
- Residential Tenancies Act 1986
- Retirement Villages Act 2003
- Riccarton Racecourse Development Enabling Act 2016
- Unit Titles Act 2010.

(As at 30 June 2020)

**\$61.6m** (approx.) total appropriated expenditure for 2019/20

**\$1.54b** (approx.) responsible for administering for non-departmental operations

## TE AROTAKENGA O TE TAU YEAR IN REVIEW

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The 2019/20 year is the first full year of operation for the Ministry of Housing and Urban Development, following its establishment on 1 October 2018.

In 2019/2020, the Ministry has delivered against the priorities of the Government and continued to build the foundations to support enduring change.

The Covid-19 pandemic pivoted the focus of government and the Ministry during the year. The need for everyone to have a warm, dry home came to the forefront of the Government's immediate response, as New Zealanders stayed at home to eliminate the virus. This affirmed the purpose, importance, and strategic approach of the Ministry and accelerated and shaped our work.

### In 2019/20 we have:

#### Coordinated a sector-wide housing response to Covid-19

- Worked with other government agencies, housing providers, iwi and Māori organisations to find accommodation and provide wrap-around support for homeless and vulnerable people — 1,250 places made ready in 16 towns or cities.
- Developed operational guidance for housing providers that supported them to operate safely throughout New Zealand's response to Covid-19.
- Supported temporary rule changes and policy amendments which granted rent freezes and protected against tenancy terminations.
- Enabled the construction sector to get back to work during the alert levels through work with the Construction Sector Accord and initiatives to support the sector.

**Launched the Aotearoa New Zealand Homelessness Action Plan (2020–2023)** to drive a joined-up response to reducing and preventing homelessness.

#### Extended the delivery of housing to support those in need

- Helped the sector increase available public housing places. 69,950 households are in public housing at year end, an increase of 2,417 since the start of the year.
- Increased the number of transitional housing places by 445 during the year, to 3,234.
- Expanded the Housing First initiative and partnered with Housing First providers on a 'Rapid Rehousing' pilot to support homeless people into a home.
- Redesigned and expanded the Sustaining Tenancies programme.

**Reset the government's build programme**, enabling more people to become homeowners by setting up the first phase of a \$400 million Progressive Home Ownership Fund and extending the coverage of products like the government's First Home Loan.

**Delivered changes to better balance the rights and obligations of tenants and landlords** by supporting amendments to the Residential Tenancies Act 1986 and the Healthy Homes Guarantees Act 2017. These help ensure rental homes meet minimum standards for healthy living.

**Established Kāinga Ora – Homes and Communities (Kāinga Ora) as the Government’s public housing landlord and urban development authority** on 1 October 2019 to enable a more cohesive, joined-up approach to delivering the Government’s priorities for housing and urban development in New Zealand.

**Developed Te Maihi o te Whare Māori – Māori and Iwi Housing Innovation (MAIHI), a Framework for Action** which places partnership with whānau at the centre of our housing response, using kaupapa Māori principles.

- Established the MAIHI Partnerships Programme, a cross-agency approach to working alongside iwi and Māori to progress Māori-led housing and place-making projects, with a focus on developing partnerships, working collaboratively and pooling Crown resources.
- Developed funding streams to both build housing provider capability and increase housing supply, utilising kaupapa Māori approaches to better attend to the housing needs and aspirations of whānau Māori.

**Progressed work leading the Crown’s response to the Wai 2750 Kaupapa Inquiry into Housing Policy and Services.** This examination of Māori housing is a matter of national significance. Our commitment is to hear from the claimants and support the Tribunal process.



**Made significant steps to enable development** that will improve the social, environmental and economic performance of New Zealand’s urban areas.

- Introduced the National Policy Statement on Urban Development which will enable our towns and cities to build up and out sustainably.
- Supported the development and passage of the Infrastructure Funding and Financing Act 2020, to support more responsive provision of infrastructure for housing and urban development.
- Delivered the Urban Development Act 2020 which gives Kāinga Ora powers to help transform our urban areas.
- Enabled future development through the Land for Housing programme.

**Supported communities to identify and develop in ways that best meet their needs.** We have worked with local government, iwi and the private sector to develop place-based relationships, partnerships and plans.

- Progressed place-based partnerships in Rotorua and Hastings to support these communities to address systemic housing and urban development challenges.
- Progressed urban growth partnerships in Auckland and the Hamilton-Auckland Corridor, and continued to develop partnerships in Queenstown, Tauranga – Western Bay of Plenty, Wellington- Horowhenua and Greater Christchurch. Progressed four Joint Spatial Plans/Urban Growth Programmes.
  - Worked in partnership with Kāinga Ora, Tāmaki Regeneration Company and Auckland and Porirua City councils to progress delivery of six large-scale projects.

**Continued to set the Ministry up for success** by progressing work to build our foundations.

- Embedded Our Kaupapa (our organisational strategy) to shape the way we work.
- Shaped our structure to support our priorities, including the creation of a joined-up centre.
- Launched Te Tautiaki, our Māori Capability framework, to build capability within the Ministry to deliver with and for Māori.
- Continued to support and grow our people, including a focus on health and wellbeing, and the move to our new premises in Wellington.





Image credit: Kāinga Ora

# NGĀ KŌRERO MŌ TE TŪĀPAPA KURA KĀINGA ABOUT THE MINISTRY OF HOUSING AND URBAN DEVELOPMENT

## Ā mātau mahi i roto i te pūnaha **Our role within the system**

The Ministry was created less than two years ago to take an end-to-end view and facilitate action across the housing and urban development system. The housing and urban system is critical to New Zealand’s social, environmental and economic performance, the adaptability of its communities, and the wellbeing, productivity, and culture of its people. Currently there are significant challenges in many parts of the system.

The Ministry’s role is to work across the housing and urban development system in collaboration with communities, iwi, Māori, central and local government, housing providers, planners, builders and developers; as well as welfare, community, sustainability and other not-for-profits with interests at both national and local levels. We are working together to address real needs now, as well as progressing fundamental system reforms so New Zealand’s cities and communities can grow well over time. We want to embed sustainable and enduring change.

There are two parts to the Ministry’s leadership role:

We are here to facilitate action – to bring parties together to help unite around a common strategy and direction, to inspire others, and to nurture an environment where all parties can succeed. Our role is to provide tools, levers, investment and information to enable and contribute to the work of others.

We are stewards of the housing and urban development system. We are responsible for strategy, policy, funding, monitoring and regulation of New Zealand’s housing and urban development system. We oversee the system’s progress and performance and identify where change is needed to create communities where people live, work, learn and play.

## Te huarahi **Our journey**

In a short space of time we have grown significantly, built relationships and capability and are enabling system wide transformative programmes of reform and delivery in the housing and urban development system. This includes leading programmes of work like the Homelessness Action Plan and the Urban Growth Agenda; and enabling and embedding partnership approaches throughout the system, including via Te Maihi o te Whare Māori. We are driven by Our Kaupapa, the Ministry’s strategy.

Our outcomes are what we are working to achieve for New Zealanders. They help guide what we do. Collectively our outcomes help us track progress, refine our approach, and focus our efforts and resources where they are needed most.

## **How we have structured this Report**

We have sorted our achievements around the outcomes of Our Kaupapa: vibrant, flourishing communities, a self adjusting system, wellbeing through housing, and affordable homes for every generation.

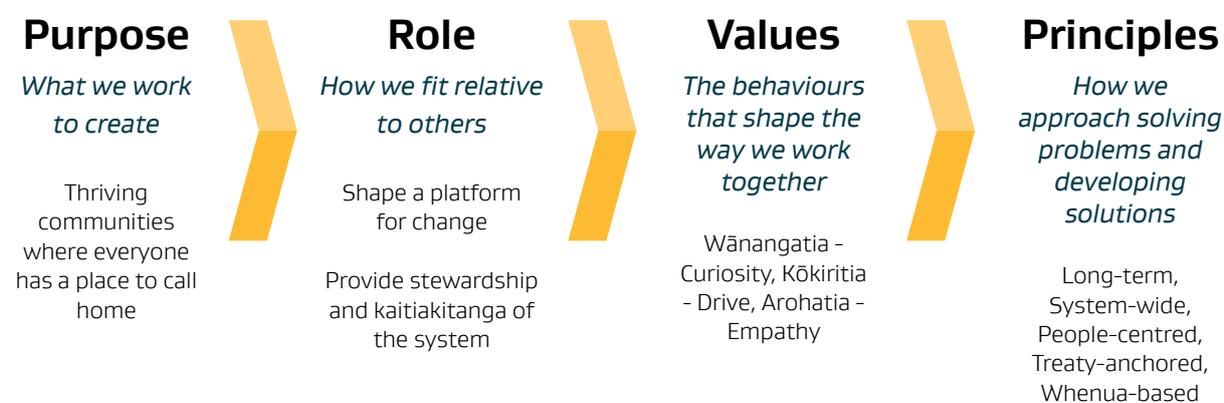
Our outcomes are highly interconnected, and our work often enables more than one of them. We have arranged our work by the predominant impact it will have.



## Our Kaupapa

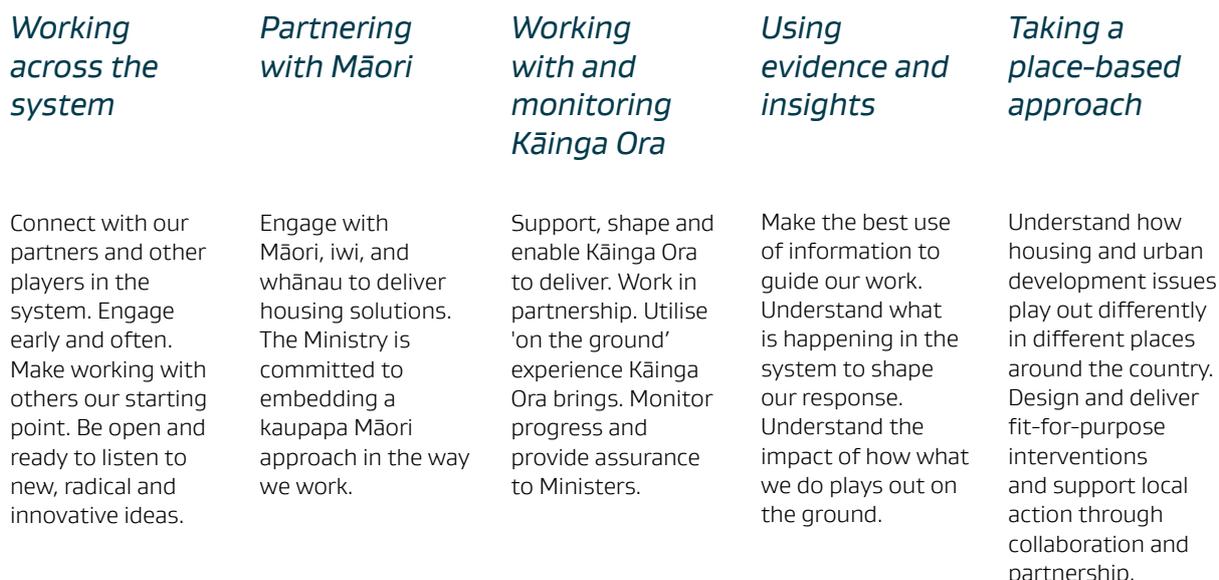
Our strategy. This shapes and guides our direction and how we work.

During 2019/20 we have continued to embed and extend Our Kaupapa to ensure that it sits at the centre of everything we do as a Ministry and helps us to work effectively across the system. We have recently completed an engagement process with our staff to identify what more we need to do as an organisation to build our culture in support of Our Kaupapa.



## Our foundations

The capabilities that underpin our work. During 2019/20 we identified five foundations that are essential to the success of our work – these will underpin our strategy development over the next year.





## Our outcomes

What we are working to achieve for New Zealanders. They help guide what we do. Our outcomes help us track progress, refine our approach, and focus our efforts and resources where they are needed most.

### *Vibrant, flourishing communities*

Communities provide homes, education, employment, and amenities that meet people's needs in places they want to live in.

### *Affordable homes for every generation*

People are able to buy or rent a home that is sustainable, affordable and meets their needs.

### *Wellbeing through housing*

People have a warm, dry and secure place to live that meets their needs and with access to the support they need.

### *A self-adjusting system*

The system works together and with communities to review, respond and adapt.

## Strategic objectives

### How we contribute

Increase the development and implementation of joined-up local solutions

Increase support for iwi and Māori led housing development

Improve support for communities to adapt to change and meet the needs of people

Improve the support available to New Zealanders to rent or buy

Increase support for iwi and Māori to live as Māori in their places

Increase the pipeline of affordable housing development

Improve wellbeing and housing for people who are at risk of, or experiencing, homelessness

Improve the experience of renting

Improve access to housing and support services for those in need

Improve the capacity and capability of the sector/system to deliver

Increase partnerships and collaboration

Improve understanding of the system and support evidence-based decisions



Ngā Minita  
**MINISTERS**

The Ministry works with four Housing and Urban Development Ministers. As at 30 June 2020 our ministers were:



**Hon Dr Megan Woods**  
Minister of Housing



**Hon Phil Twyford**  
Minister for Urban  
Development



**Hon Kris Faafoi**  
Associate Minister of Housing  
(Public Housing)



**Hon Nanaia Mahuta**  
Associate Minister of  
Housing (Māori Housing)

Te Tīma Kaiārahi

## OUR LEADERSHIP TEAM

The Ministry's Senior Leadership Team is responsible for the leadership and performance of the Ministry.

This includes shaping our strategic direction, ensuring we are focusing our efforts where they will have the most impact, taking a 'whole of Ministry' approach, and holding key relationships with our partners and stakeholders.



From left to right:

**Stephanie Rowe**, Deputy Chief Executive  
System and Organisational Performance

**Anne Shaw**, Deputy Chief Executive  
Housing Supply, Response and Partnerships

**Andrew Crisp**, Chief Executive

**Kararaina Calcott-Cribb**, Ngāti Porou, Ngāpuhi me Ngāti Kauwhata  
Deputy Chief Executive, Tumuaki, Te Kāhui Kāinga Ora

**Brad Ward**, Deputy Chief Executive  
Place-based Policy and Programmes

**Helen Potiki**, Ngāti Porou, Tapuika me Ngāi Tahu  
Deputy Chief Executive, Housing and Urban Settings

## TE MAHITAHI ME ĒTAHI ATU HEI WHANAKE I NGĀ HUA KĀINGA ME NGĀ HUA WHARE TĀONE

### WORKING WITH OTHERS TO IMPROVE HOUSING AND URBAN OUTCOMES

We have partners across and beyond the housing and urban sector and these relationships are integral to successfully delivering on the Government’s housing and urban development priorities.

<p><b>We learn from others to understand the housing urban environment</b></p>	<p><b>We work to build our understanding of the experiences and needs of our communities and the housing and urban development system. We are learning from:</b></p> <ul style="list-style-type: none"> <li>• experiences and perspectives of the public, including with Māori as mana whenua</li> <li>• community groups that represent the views of New Zealanders</li> <li>• those delivering services to New Zealanders</li> <li>• global and national, industry and academic research</li> <li>• the evidence, understanding and insights held by other public sector bodies in central and local government.</li> </ul>
<p><b>We partner with iwi, hapū and whānau to improve outcomes for Māori</b></p> <p>I mahitahi mātau me ngā iwi, ngā hapū me ngā whānau hei whanake i ngā hua mō ngā Māori</p>	<p><b>We work alongside iwi and Māori to deliver solutions that respond to whānau needs and aspirations to: create enduring positive impacts on Māori wellbeing; and progress Māori-led housing and services delivery and place-making projects that attend to whānau needs; prevent homelessness; and improve Māori housing security. This includes involvement in urban growth partnerships and spatial planning.</b></p> <p>I mahitahi mātau ki ngā iwi Māori ki te hanga urupare mō ngā hiahia me ngā manako o ngā whānau, me te whai huanui i te āhua ki te oranga o te Māori; ā, ki te whanake anō hoki i ngā mahi me ngā ratonga whare e arahina ana e te Māori me ngā kaupapa hanga ā-wāhi e hāngai ana ki ngā hiahia o ngā whānau, hei kaupare i te noho kāinga kore, me te whanake i te haumarutanga o ngā kāinga Māori. Ka whai wāhi atu hoki ki ngā hononga whanake whare tāone me ngā rautaki wāhi.</p>
<p><b>We partner to deliver policy and services now and for the future</b></p>	<p><b>We work with a range of people and organisations to support our day-to-day work and to deliver on the Government’s key priorities. We partner with:</b></p> <ul style="list-style-type: none"> <li>• local authorities</li> <li>• Māori, iwi and hapū post-settlement governance entities, Māori land trusts and incorporations, and urban Māori authorities</li> <li>• Community Housing Providers (CHPs), including in our role as funder and regulator, and other Non-Government Organisations (NGOs)</li> <li>• the residential construction, infrastructure and urban development sector.</li> </ul>

# KŌWHEORI-19 — TĀ MĀTAU URUPARE KI TE MATE URUTĀ

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## COVID-19 - OUR RESPONSE TO THE PANDEMIC

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Image credit: Kāinga Ora

Covid-19 is an extraordinary global event. The pandemic, and New Zealand's response to it, has had, and will continue to have, significant impacts on housing and urban development.

Covid-19 has reinforced the importance of everyone having access to affordable, warm, dry and secure housing: the home has been a critical line of defence. The communities we serve, particularly the most vulnerable, are still in need.

With our partners across the wider housing and urban development system, we moved at pace to ensure:

- people experiencing homelessness had a place to stay
- individuals and whānau could remain in their homes as we transitioned through alert levels
- construction activity could safely and quickly resume, to support employment and economic recovery.

We are now focused on being prepared to respond to resurgence of community transmission of Covid-19 and ensuring that the housing and urban system supports New Zealand's recovery from the economic effects of the pandemic.

### Te whakahaumarū i te hunga mōrearea

#### Housing our most vulnerable

Through Covid-19 we have been able to identify and support New Zealand's most vulnerable, including almost all sleeping rough and in facilities not appropriate for self-isolation, for example shelters with shared facilities. The Ministry worked with housing and community providers, iwi and Māori and others to secure accommodation and provide support services to tenants.

Providers went to tremendous lengths to locate and house people as New Zealand moved to Alert Level 4.

At the peak of our response we had contracted 1,250 places, housing approximately 1,500 people.

The Ministry does not take for granted the difficult circumstances that providers, iwi and Māori had to navigate. We know that housing is not just a roof, it is access to help and food and security. We worked daily to hear from those on the ground and facilitate support wherever we could. We supported housing providers by quickly bringing on motel and other accommodation options to meet the need they identified in each location. We offered providers certainty around the reimbursement of costs and contracts so that they could do what they needed to do quickly.

We published guidance developed with Community Housing Aotearoa and Te Matapihi He Tirohanga mō te Iwi Trust (Te Matapihi) to help advise how to operate at each alert level in order to keep staff and people being supported, safe.

### Te taunaki i te hunga rēti

#### Supporting renters

It is critical that people can self-isolate in their own homes when they need to. The Ministry worked at pace to give the Government the advice and support it needed to bring in temporary protections against tenancy terminations from 26 March 2020 to 25 June 2020 and implement a freeze to residential rent increases until 25 September 2020.

### Te ū ki ngā mahi hanga whare

#### Keeping momentum in residential construction

The residential construction industry is particularly vulnerable to economic shocks. The Ministry advised Ministers on options to help the residential construction sector manage the economic impacts of Covid-19. This included ensuring residential construction could happen during Alert Level 3.

The Ministry supported advice to Ministers on the Covid-19 Recovery (Fast-Track Consenting) Act 2020, led by the Ministry for the Environment. Enacted on 8 July 2020, the Act establishes new fast-track resource consenting and designation processes for infrastructure and development projects.

On 7 August 2020 the Government announced the establishment of a \$350 million Residential Development Response Fund. This will help to progress stalled or at-risk housing developments by sharing some of the increased Covid-19 related costs with the private sector. This will keep residential construction sector jobs, ensure we continue to deliver housing, and help to meet government-related housing objectives, such as affordable housing.

## Te taunaki i te whakamāuitanga o te ōhanga o Aotearoa

### Supporting New Zealand's economic recovery

Our understanding of the performance of different housing and urban systems around New Zealand supported advice to Ministers as they made Covid-19 recovery investment decisions. We advised Ministers on key choices to stimulate recovery with the very best outcomes for the housing system and New Zealanders as a whole. We identified shovel ready projects that could be funded to progress housing and urban development in places with high housing needs. The Government's investment decisions included \$464 million for housing and urban development projects that would deliver benefits for New Zealanders.

We continue to work with providers to support people who were housed during the Covid-19 response. The Ministry has started to consider longer-term housing and support services for this group and those who will need our help on an ongoing basis. Developing and implementing these options will be a focus for the Ministry in 2020-21. The Government has announced an expansion to its build programme with 8,000 further public and transitional housing places over the next four years. This builds on the 6,400 public houses committed through Budget 2018 and the 1,000 transitional housing places announced as part of the Homelessness Action Plan.

#### This investment will:

- Ensure that individuals and whānau who have been placed in temporary accommodation in response to Covid-19 do not return to homelessness.
- Provide permanent public housing and support those impacted by the economic downturn.
- Provide stimulus for the residential construction sector. It is estimated that 8,000 new public and transitional housing places will create approximately 4,000 jobs and a clear new housing pipeline for the construction sector.

# HUA: HE HAPORI TŌNUI

## OUTCOME: VIBRANT, FLOURISHING COMMUNITIES



Places provide homes, education, employment, and amenities that meet people's needs, in communities they want to live in.

Our work this year has resulted in:

- an agreed cross-sector approach to respond to the needs of whānau Māori, including through kaupapa Māori approaches, in partnership with iwi and Māori
- the development of local solutions for housing and urban development, in conjunction with partners, iwi and Māori and other public sector agencies
- increased support to, or with, iwi and Māori to advance housing projects, aligning with opportunities to support employment and economic development.

**We are working to:**

- improve support for communities to adapt to change and meet the needs of people.
- increase the development and implementation of joined-up local solutions with communities.
- increase focus on partnerships that support Māori led development and housing support.

***“When the mauri of a kāinga is strong, whānau are more likely to flourish. And when whānau flourish the mauri of the kāinga will be stronger.”***

Sir Mason Durie, Te Āhua o te Kāinga presentation, Wellington, October 2019.

Housing and urban development plays an essential role in the wellbeing of New Zealanders and in the success of New Zealand. There is a strong connection between the homes and communities that people live in, the opportunities those places afford, and the outcomes that people, and the country, can achieve.

Vibrant, flourishing communities are communities where people have access to affordable, secure, functional and healthy homes that give them access to education, employment, amenities and services that meet their physical, social and cultural needs and aspirations. This is enabled by responsive urban planning and infrastructure investment that supports housing development and allows people to connect with each other and move easily between the places they live, work and play.

We want to ensure that the design of our urban environments — the buildings, infrastructure, and public spaces — helps us achieve our sustainability and climate change goals and supports people’s sense of connection and belonging.

**In 2019/20, we have:**

- worked with Māori and iwi housing experts and sector leaders to develop Te Maihi o te Whare Māori – the Māori and Iwi Housing Innovation (MAIHI) Framework for Action
- increased our work with communities to support local solutions, including through our place-based partnerships in Hastings and Rotorua
- increased support for iwi and Māori led development by facilitating partnerships between iwi and Māori groups and government agencies
- worked in partnership to deliver large scale projects and to enable growth infrastructure.

**CONTEXT****The needs of our communities, present and future**

New Zealand’s population of five million is projected to rise 20 percent to six million over the next 30 years.

Our population is becoming older. We need to consider what this means for work, leisure, and our built environment.

It’s projected that by 2036:

- just over one in four New Zealanders will be aged 65-plus (1,258,500 million people)
- that’s an additional 547,300 over 65’s, up from a total of 711,200 in 2016 (77 percent increase).

New Zealand is also becoming more diverse.

By 2038 Māori will make up a fifth of our population, and a third of New Zealand’s children.

To flourish, communities need access to work, amenities and green space.

2019/20 figures indicate 44 percent of jobs can be accessed within a 45-minute drive, 23 percent are within a 45-minute bike ride, 15 percent within 45 minutes using public transport and five percent can be accessed within a 45-minute walk.<sup>1</sup>

Our communities have different needs, challenges and opportunities, now and for the future. We need to tailor the approach and solutions to meet their needs.

Measures for this outcome can be found on page 63.

<sup>1</sup> NZTA. (2020 – In Print). NZTA annual report (end 30 June 2020). <https://www.nzta.govt.nz/resources/annual-report-nzta/>

## I hanga i Te Maihi o te Whare Māori – Māori and Iwi Housing Innovation (MAIHI)

### Developed Te Maihi o te Whare Māori – Māori and Iwi Housing Innovation (MAIHI)

Ko tētahi o ngā tino hua i puta i te Manatū i te tau 2019/20 ko Te Maihi o Te Whare Māori – he anga mahi mō ngā tohunga whare Māori, ngā tohunga whare ā-iwi me ngā kaiārahi i te rāngai. He mea whakarewa ōkawa a MAIHI i te 11 o Hereturikōkā 2020. He urupare pūnaha paetata, he urupare pūnaha paetawhiti hoki e hāngai ana ki ngā āputa mō ngā Māori i ngā whakataunga whare whānui i roto i te MAIHI, ā, e toru ngā wāhanga mahi: Urupare, Arotake, Tautuhi Anō.

E kitea ana i MAIHI ngā pānga kino o te mōreareatanga whare i Aotearoa ki te Māori. He raru whakareanga tēnei, ā, he raru kua nui ake i roto i ngā tau. Me uaua ka hangaia mai he hapori tōnui ki te kore tēnei āhuatanga e tirohia, e pānonihia ā-pūnaha rānei. Ka whakatakotohia i MAIHI ngā urupare ki ngā hiahia paetata (pēnei i te Kōwhiri-19 me te kāinga kore), ngā wāhi o te pūnaha whare hei arotake nā te āhua whakahāwea i te oranga me ngā manako o ngā hapori Māori, me ngā wāhi o te pūnaha hei tautuhi anō e hua ake ai ngā panonitanga nui.

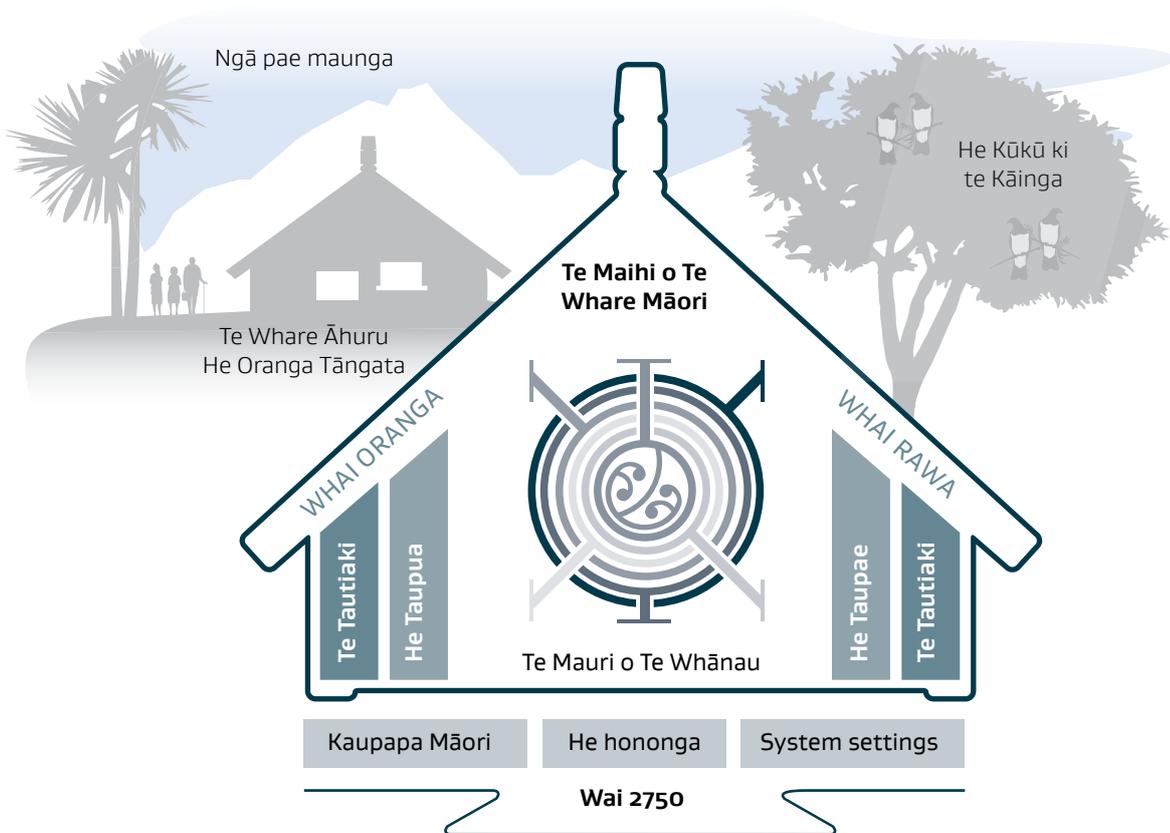
I raro i a MAIHI, me mātua mahitahi te Manatū me ngā tari kāwanatanga maha hei whakapiki i ngā mahi hanga whare e ai ki ngā hiahia o ngā whānau, hei kaupare i te kāinga koretanga me te whanake i te haumarutanga o ngā kāinga Māori. Waihoki, ka whakatinanahia te wāriu o ngā hua toitū paetawhiti mō ngā whānau me ngā hapori mā roto mai i ngā mahitahitanga kaupapa whare ka hono i ngā pūkenga, i ngā whakaharatau me te hinonga.

One of the Ministry's significant achievements in 2019-20 was the development of Te Maihi o te Whare Māori – the Māori and Iwi Housing Innovation Framework for Action (MAIHI) with Māori and iwi housing experts and sector leaders. MAIHI was formally launched on 11 August 2020. MAIHI includes both urgent and long-term system responses to critical gaps for Māori in mainstream housing solutions, in three key workstreams: Respond, Review and Reset.

MAIHI recognises that the housing crisis in New Zealand disproportionately negatively impacts Māori. And that this has been intergenerational and compounding. We cannot support vibrant thriving communities unless we confront this and make systemic change. MAIHI sets out how we will respond quickly to urgent needs (such as Covid-19 and homelessness), where we need to review those parts of the housing system that are undermining Māori community wellbeing and aspirations and where the system needs to be reset to enable real and enduring change.

MAIHI requires that the Ministry will work collaboratively across government to increase housing supply that attends to whānau needs, prevents homelessness and works to improve Māori housing security. In addition, opportunities to partner through housing projects that connect skills, training and enterprise will realise the value of long-term sustainable outcomes for whānau and their communities.

**The context, components and objectives of Te Maihi o Te Whare Māori**



**Three work streams - six priority areas**

<b>RESPOND</b> (short-term 6-12 months)	<b>REVIEW</b> (short to medium-term 12-18 months)	<b>RESET</b> (medium to long-term)
<ol style="list-style-type: none"> <li>1. Decrease homelessness (rough sleeping, insecure housing, unsafe housing)</li> <li>2. Increase housing security (decreasing homelessness and increasing ownership and secure rental tenure)</li> </ol>	<ol style="list-style-type: none"> <li>3. Resolve claims relating to housing policy and services</li> <li>4. Review current Crown policy and practice</li> </ol>	<ol style="list-style-type: none"> <li>5. Consolidate fragmented Crown delivery and investment</li> <li>6. Co-design and co-govern a cohesive, kaupapa Māori housing wellbeing approach</li> </ol>

**Key terms**

**He Whare Āhuru, He Oranga Tāngata** – Māori Housing Strategy 2014. This is the Crown’s previous Māori housing strategy and it is depicted as a whare tawhito (an old whareniui).

**Te Mauri o te Whānau** – the essence of wellbeing of the family. This represents the Māori principles that underpin our kaupapa Māori approach to supporting the wellbeing of whānau through housing.

**Maihi** –the bargeboards of a whareniui which represent the shelter that whareniui offer. The term maihi is the name of our framework for action for Māori housing – ‘Te MAIHI o te whare Māori’.

**Ngā pae maunga** – the mountain ranges. The mountain ranges set a horizon that is linked to the ‘he taupae’ fund.

**He Taupae** – the ridge of a mountain range. ‘He Taupae’ is a fund focused on developing technical support for increasing housing supply. The horizon on the ridge of the mountain range visible from the whareniui identifies the future-facing focus of this fund.

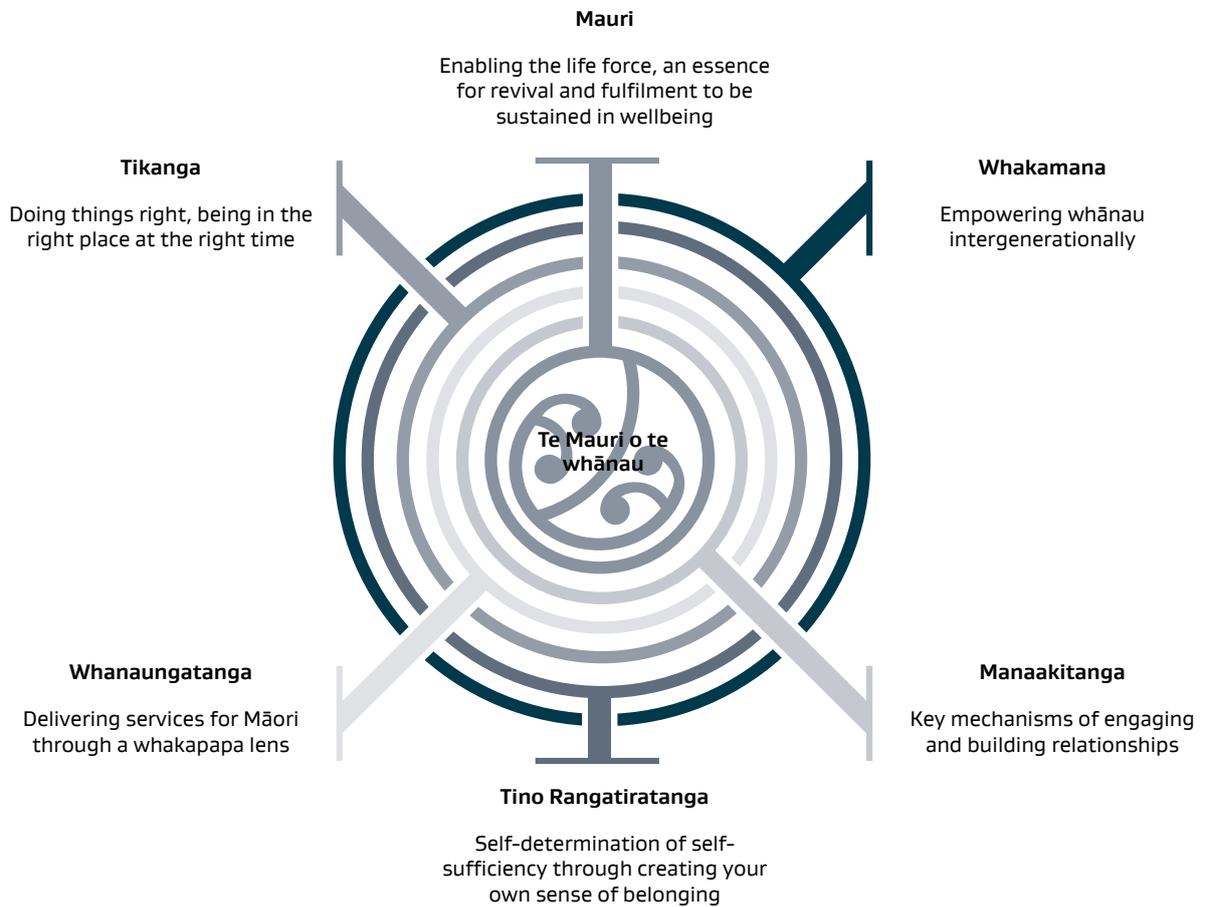
**He Taupua** – to strengthen or provide support. ‘He Taupua’ is a fund focused on building the capability of whānau trusts, ahuwhenua trusts, iwi and registered Māori housing providers to provide housing support.

**He Kūkū ki te Kāinga** – wood pigeons nested at home. ‘He Kūkū ki te Kāinga’ is available through the MAIHI partnerships programme to increase housing supply and the name is connected to the sound of content heard when whānau are in the right homes and connected to communities.

**Te Tautiaki** – the posts that provide support to the maihi (bargeboards). Te Tautiaki is our strategy and action plan for lifting HUD’s capability to understand and respond to the aspirations of Māori, to apply the Treaty of Waitangi, and to partner well with Māori in our work.

I raro i a MAIHI, ko te Māori te poutokomanawa i te whare kōrero ā-kāinga o Aotearoa, ka tirohia te hītori o ngā whare Māori me te urupare i ngā hiahia o ngā whānau Māori, mā te whai i te kaupapa Māori me te mahitahi me ngā iwi, ngā Māori anō hoki. Ka whakaahuahia e te anga MAIHI te aronga kaupapa Māori ki te oranga o te Māori mā roto mai i ngā mahi whare.

MAIHI puts Māori at the heart of Aotearoa New Zealand’s housing narrative, acknowledges the history of Māori housing and seeks to respond to the needs of whānau Māori, including through kaupapa Māori approaches, in partnership with iwi and Māori. The MAIHI framework articulates a kaupapa Māori approach to Māori wellbeing through housing:



## Te hanga mai me te whakaū i a MAIHI Developing and applying MAIHI

I tīmata ngā mahi i te marama o Hōngongoi 2019 ki ētahi kōrero me ngā Minita, ki ētahi hui me ētahi atu umanga Karauna pēnei i a Te Puni Kōkiri me Kāinga Ora, me te mahitahi ki te rāngai whare Māori whānui. He mea hanga te taurira anga MAIHI mā roto mai i ngā whakawhitinga kōrero, ā, i whakaūngia mā roto mai i tētahi wānanga me ngā mātanga whare Māori i te marama o Whiringa-ā-rangi 2019.

I taua wā tonu, i te hangaia mai te Homelessness Action Plan, ā, i whai wāhi atu a MAIHI, ngā mātāpono kaupapa Māori me ngā hua ki taua rautaki rā. I tīmata te anga MAIHI i te tīmatanga o te tau 2020, e taunaki ana i ngā whānau i roto i ngā taumata ōhiti 3 me 4, e mahitahi ana ki ngā iwi me ngā ratonga whare Māori mā roto mai i te MAIHI Partnership Programme me te whakarite pūtea tautoko.

At the beginning of July 2019 work started on driving tangible change with discussions with Ministers, meetings with other Crown agencies such as Te Puni Kōkiri and Kāinga Ora, and engagement across the Māori housing sector. The draft MAIHI Framework was developed and refined through discussions and finalised through a wānanga with Māori housing experts in November 2019.

At the same time, the Homelessness Action Plan (Action Plan) was being developed and MAIHI, kaupapa Māori principles and outcomes were built into the Action Plan. The MAIHI Framework for Action has been implemented from the start of 2020, including supporting whānau through Covid-19 Alert Levels 3 and 4, partnering with iwi and Māori housing providers through the MAIHI Partnership Programme and establishing funding opportunities.



**Te mahitahi me ngā hapori ki te whakarite urupare mai i te kāinga mā te whai i te aronga ā-wāhi**  
**Worked with communities to develop local solutions using a place-based approach**

Every community has its own housing and urban development challenges and opportunities.

During the 2019/20 year the Ministry expanded our understanding of how different housing and urban development systems across New Zealand are working, and further developed our place-based approach.

A place-based approach involves thinking about performance in and across places, and using the insights gained to inform and direct what we do locally and at a national level.

Locally, this means that we are working with communities to understand what is happening in a place and how central and local government, local iwi, and other community groups can work together to improve housing and urban outcomes. Nationally, we are feeding the insights of this work into the design and implementation of policies and programmes.

The Ministry has developed our understanding of places to enable evidence-driven decision making about prioritisation and service delivery. This includes working to respond to issues emerging in communities – for example, by working to house homeless people through the Covid-19 lockdown, and by influencing employers of seasonal workers to provide accommodation in stretched housing markets.

We have worked collaboratively with communities, through:

- Urban Growth Partnerships
- iwi partnerships
- place-based partnerships in Hastings and Rotorua.



## CASE STUDY

In Hastings the Ministry has partnered with Kāinga Ora, other central government agencies, Hastings District Council, Ngāti Kahungunu, Te Taiwhenua o Heretaunga and Hawke's Bay District Health Board, to create a 'place-based' collective response to the most pressing housing issues in the district. Hastings has one of the highest rates of households on the housing register on a per capita basis across New Zealand, and high numbers of people receiving Emergency Housing Special Needs Grants. Māori are overrepresented in those with poor outcomes.

A key focus of the work has been building a collective understanding of the housing and land use issues in Hastings, contributing causes (such as pressure on the housing market from seasonal employment and tourism), and how each organisation can contribute to solutions. With this, we are now planning collectively medium and longer term changes that, in addition to helping housing affordability, look at skills and employment in Hastings.

As a result of our work, Ministers announced a support package in December 2019. This will deliver:

**200 houses (public/affordable/papakāinga) by the end of 2021 including:**

- 150 public houses through Kāinga Ora (including replacing around 80 existing homes)
- repairs for properties in poor condition where children are at risk of serious health conditions.

**A \$8.770 million funding package to support delivery, on top of existing funding sources.**

**To'osavili Nigel Bickle**, Chief Executive of Hastings District Council

*Working together with partners including the Ministry to apply the new place based approach in Hastings has proven that even great challenges can be confronted. Significant and helpful changes are being made to address local issues, together. It's enabling support to be put where it is needed.*



## Urban Growth Partnerships

The Ministry leads work for central government, local government and mana whenua to work together on the strategic direction of New Zealand’s high growth urban areas. These create opportunities for greater alignment, integration and coordination around housing, land use and infrastructure planning and for delivering successful urban growth management by coordinating activity. They will be enduring forums and governance structures. Outputs include joint spatial plans and urban growth programmes.

During 2019-20, draft joint spatial plans were progressed for three locations: Hamilton-Waikato metropolitan area, Tauranga-Western Bay of Plenty metropolitan area, and Queenstown Lakes. Work on a Wellington-Horowhenua joint spatial plan is being progressed.

Spatial plans present information visually and set out areas to protect and enhance, such as: locations with high natural values and culturally important sites; areas subject to constraints to urban development; the existing and future structure of urban areas, such as where people may live, work and how they get around; existing and future infrastructure needs and services; priority areas for investment and action; and other strategically significant priorities. They are evidence-based and agree a 30-year plus vision and direction for an area.





Over this annual reporting period, the Ministry has advanced work on partnerships including:

**Two existing urban growth partnerships:**

- **The Auckland Housing and Urban Growth Joint Programme** is a collaboration between Auckland Council and the government to deliver shared housing and urban growth priorities in New Zealand's largest urban centre. The programme covers both spatial priorities (e.g. development opportunities arising from the City Rail Link, the City Centre to Mangere Light Rail Transit projects, Manukau centre and Drury) and policy priorities, such as how to deliver more affordable housing and quality intensification.
- **The Hamilton-Auckland Corridor (H2A)** is the first partnership in New Zealand to bring two regions, mana whenua, central and local government together to integrate and coordinate land use, network and social infrastructure planning and delivery. The Corridor connects two of New Zealand's fastest-growing cities through an area of high natural and cultural importance and value.

**Three emerging urban growth partnerships:**

- **Queenstown Lakes** (See page 28)
- **The Wellington-Horowhenua Partnership** is addressing Wellington's housing and urban development issues, with a focus on aligned investment. Ten local authorities in Wellington Region (including Horowhenua), eight iwi, the Ministry and Waka Kotahi NZ Transport Agency are developing a Regional Growth Framework. This includes the development of a high-level spatial plan for the region and a prioritised programme of transformative investments.
- **The Tauranga - Western Bay urban growth partnership** (expanded Smart Growth) is to ensure there is ongoing alignment, integration and coordination around spatial, land use and transport planning and project delivery in a fast-growing and complex urban area.

**One 'in-development' urban growth partnership, for Greater Christchurch.**

## CASE STUDY

The Grow Well / Whaiora Partnership with the Queenstown Lakes District Council and Kāi Tahu is working to address the growing tourism and housing pressures in the Queenstown Lakes. While the area is expected to be among the hardest-hit by the economic impacts of Covid-19, the drivers of demand to live or visit there – spectacular scenery, recreation opportunities – remain and growth is likely to return.

Initially we will develop a spatial plan with our partners that sets out a long-term (30-year plus) growth strategy. This will identify areas of growth and change, places to protect and the major infrastructure investments needed to create thriving, sustainable communities. It will also focus on protecting the environment. The plan will help guide short-term decisions about recovery and a move towards a more managed, sustainable approach to growth when demand returns.

**Mike Theelen**, CEO of Queenstown Lakes District Council

*The Spatial Plan takes a new approach. It addresses growth from the perspective that it has the potential to improve the health and quality of life of the whole community, residents and visitors alike. It aims to reduce inequalities and make the Queenstown Lakes District a better place to live, work and visit. It uses the opportunities provided by a growing area to plan for a better future, transforming it over time and allowing us to Grow Well.*

**Dean Whaanga**, Kaiwhakahaere Kaupapa Taiao at Te Ao Marama Inc.

*Whaiora, to seek, follow and maintain the health and wellbeing of communities is essential if we are to thrive in this wonderful landscape that is the Queenstown Lakes District. The Kāi Tahu approach is to leave this world in a better condition than how we received it from past generations. Kotahitanga, working together as one through the spatial plan development and implementation for us and future generations is a challenge but also a privilege.*



**Te mahitahi ki te whanake i te tukutanga o ngā kaupapa nui e ono**  
**Worked in partnership to progress delivery of six large-scale projects**

The Crown has committed to six large-scale projects, with Kāinga Ora delivering four projects in Auckland – Mount Roskill, Mangere, Oranga and Northcote – and one large-scale project in Porirua, and Tāmaki Regeneration Company delivering in Tāmaki (working with Kāinga Ora).

Large-scale projects are in areas with many public houses that are reaching the end of their useful life. In addition to delivering up to 36,000 homes (12,500 public houses and 23,500 affordable and market houses) over 20 years, the projects have wider a regeneration focus that supports community wellbeing outcomes.

These projects represent New Zealand’s first experience with at-scale brownfield development. They are complex, multi-agency projects requiring significant infrastructure investment to resolve legacy under-investment and provide capacity for renewal and future housing growth.

In 2019–20 the Ministry has worked closely with Kāinga Ora, Tāmaki Regeneration Company and councils to better understand the scale of the infrastructure deficit facing large-scale projects, and to identify opportunities to unlock central government and local government funding. This included considering the applicability of new funding and financing tools (e.g. as set out in the Infrastructure Funding and Financing Act 2020) and being the interface between agencies on economic stimulus initiatives and wider Government reform initiatives.



## Te whakawhānui i te tautoko mō ngā whanaketanga e arahina ana e te Māori Increased support for Māori led development

He mea hanga e te Manatū te MAIHI Partnerships Programme, he aronga umanga maha ki te mahitahi me ngā iwi, otirā ngā Māori, ki te whanake i ngā whare e arahina ana e te Māori me ngā kaupapa mahi ā-wāhi. He kaupapa tēnei ka whakarite i ngā huarahi mō ngā whare hou nā ngā iwi me ngā Māori, mō ngā iwi me ngā Māori hoki, ka mutu, ka nui ngā hua mō te hapori whānui. Ā mohoa noa nei, ka mate te Māori ki te whai i ngā ara maha e whai taunakitanga ai rātau i te kāwanatanga mō ngā kaupapa whanake whare utu maha, me te aha, he ārai nui tēnei mō ngā kaupapa whakawhanake e arahina ana e ngā whānau.

He kaupapa tēnei ka tautoko, ka mahitahi rānei, me ngā iwi, ngā Māori anō hoki, ki te whanake i ngā kaupapa i te āhua ki te taumata ritenga – he tautoko ā-pūtea, ā-whakaaro hoki.

Kua aro te kaupapa ki te whakarite ara māmā hei whakaemi, hei whakamahi hoki i ngā hua me ngā ratonga whare a te kāwanatanga, ngā mea o nāiane. Kei te waihangaia tētahi ara hononga me ētahi kaupapa ā-whare e piki ake ai te nui o ngā whare hou nā ngā iwi me ngā Māori, mō ngā ngā iwi me ngā Māori hoki.

The Ministry developed the MAIHI Partnerships Programme, a cross-agency approach to working alongside iwi and Māori to progress Māori-led housing and place-making projects. The programme facilitates opportunities for new housing supply by and for iwi and Māori which will lead to broader community outcomes. Until now, iwi and Māori groups have needed to navigate multiple channels and processes to access government support for a mixed tenure development, which can be inhibiting for whānau-led developments.

The programme provides support to, or with, iwi and Māori to advance projects depending on their level of readiness – this support may be financial (drawing on funds across agencies, such as He Kūkū ki te Kāinga, Provincial Growth Fund) and non-financial (such as advice and tools).

Initially the programme has focused on better coordination and navigation of existing government housing products and services. A pipeline of partnerships and housing projects is now being built to increase the volume of new housing supply by and for iwi and Māori.

## Te whakamanatanga o ngā hanga tūāpapa whakatipu Enabled growth infrastructure to be built

The Housing Infrastructure Fund is a \$1 billion fund to provide 10-year interest free loans to territorial authorities to finance growth infrastructure (roading, water, wastewater and stormwater) needed to unlock residential development – overall allowing new houses to be built sooner.

The Ministry administers the scheme, sets-up the loan facility agreements, and liaises with councils on any issues that may affect the loans or delivery of the funded projects. There are five territorial authorities (Auckland, Hamilton, Tauranga Cities, Queenstown Lakes, and Waikato District) which have had nine growth infrastructure projects approved for funding. Seven loan agreements have been arranged.



# HUA: HE PŪNAHA PANONI I A IA ANŌ



Image credit: Kāinga Ora

## OUTCOME: A SELF- ADJUSTING SYSTEM

We want to shape a system that is set up to deliver improved housing and urban outcomes, be it supporting families in need, or building the homes and developing the infrastructure that New Zealand needs.

Our work this year has resulted in:

- a more cohesive, joined-up approach to delivering the Government's priorities for housing and urban development in New Zealand
- local authorities better enabled to plan for and respond to growth, and well-connected urban development
- a stronger community housing sector with more kaupapa Māori providers delivering housing to their communities.

**We are working to:**

- Enable the changing needs of communities to be considered, responded to and met within wider system settings.
- Improve understanding of the system and support evidence-based decisions throughout it.
- Increase the capacity and capability of the system and sectors within it to deliver.
- Increase partnerships and collaboration.

New Zealand's population has been growing fast, particularly in Auckland and other main centres, but housing and associated infrastructure have not been keeping pace. The success of New Zealand's housing and urban environment is critical to New Zealand's overall economic, social, cultural and environmental performance.

New Zealand needs a housing and urban development system that works for New Zealanders. A successful system provides for affordability, mobility, access and quality while functioning within environmental constraints and adapting and responding to changing needs and demand.

There are some barriers for New Zealand to overcome. These have included a lack of enablers for coordinated decision-making, and infrastructure and funding settings. We want to ensure the system is set up to deliver enduring change, where future consequences are foreseen and planned for, where sector capability and capacity is continuously developing, where collaboration and effective partnership inform, support, and enable solutions to the changing needs of New Zealanders.

Our work in this area sits within a broader suite of reforms, other public sector work and initiatives that contribute towards enabling housing and urban development such as work to:

Improve future planning, including:

- Resource Management Act 1991 reform led by the Ministry for the Environment
- transport initiatives like Road to Zero and the Better Travel Choices Mode Shift Plan, led by the Ministry for Transport
- review of Three Waters provisions led by Department of Internal Affairs
- developing Emissions Reduction Plans and the National Adaptation Plan, led by the Ministry for the Environment.

Increase capability and capacity, including:

- Infrastructure investment led by the Infrastructure Commission.
- Building and construction reform, including building law reform and the Construction Skills Action plan, led by Ministry of Business, Innovation and Employment.

**In 2019/20, we have:**

- Established Kāinga Ora - Homes and Communities with wide powers to support, lead and promote good urban design and efficient, integrated, mixed-use urban development, and equipped it with powers that enable complex and transformational urban development.
- Led and coordinated the government's response to the Housing Policy and Services Kaupapa Inquiry (Wai 2750).
- Progressed the Urban Growth Agenda, enabling land supply, development capacity and infrastructure provision by removing constraints in our urban planning system.
- Provided assurance and supported participants to develop their capacity and capability to deliver.
- Improved understanding of the system and supported evidence-based decisions.
- Progressed work on the Government Policy Statement on Housing and Urban Development to be published by October 2021.

**CONTEXT**

Measures for this outcome can be found on page 68.

## **Ka whakatūngia a Kāinga Ora, ā, i whakaritea kia whanake i ngā wāhi tāone**

### **Established Kāinga Ora, and equipped it to transform our urban spaces**

Kāinga Ora was established on 1 October 2019, bringing together the people, capability and functions from Housing New Zealand, its subsidiary Homes.Land.Community (HLC) and parts of the former KiwiBuild Unit. Kāinga Ora has two key roles – as a public housing landlord, and to work in partnership to enable, facilitate, and deliver urban developments.

This represents the biggest institutional and legislative change to housing and urban development for a generation. It is designed to enable a more cohesive, joined-up approach to delivering the Government’s priorities for housing and urban development in New Zealand.

Kāinga Ora is tasked with transforming our urban areas to create sustainable, inclusive and thriving communities that:

- provide people with good quality, affordable housing choices that meet diverse needs
- support good access to jobs, amenities, and services
- otherwise sustain or enhance the overall economic, social, environmental, and cultural well-being of current and future generations.

The Ministry’s role was to support two pieces of legislation through the Parliamentary process – the Kāinga Ora - Homes and Communities Act 2019 and the Urban Development Act 2020 – and to lead the work to ensure the organisation was operational from 1 October.



Image credit: Kāinga Ora

## Te Ture Whakawhanake Tāone Urban Development Act 2020

The Urban Development Act 2020 has extended Kāinga Ora’s ability to facilitate urban development that contributes to sustainable, inclusive, and thriving communities. Among other powers, it provides a mechanism to streamline and consolidate processes for selected urban development projects, called specified development projects (SDPs). These are complex projects which would struggle to progress under existing processes. They are designed to deliver developments with a mix of housing types, good transport connections, employment and business opportunities, key infrastructure, community facilities, and green spaces. With all the big decisions on planning, infrastructure and funding made up front, delivery can get underway faster and more easily.

Partnership is a key principle of urban development. Kāinga Ora can lead projects itself, work in partnerships, or support others such as councils, iwi and private developers to lead SDPs.

To enable these projects Kāinga Ora will now have development powers that include:

- coordinated planning and streamlined consenting processes
- building, changing and moving infrastructure
- tools to fund infrastructure and development activities, including the ability to levy targeted rates
- creating, reconfiguring and reclassifying reserves.

Kāinga Ora will also have access to land acquisition powers when doing all types of urban development projects.



*A mixture of housing that meets the needs of the community*



*A thriving town centre with the shops, community facilities, infrastructure and social services that the community wants and needs*



*Access to green space that provides recreational opportunities and enriches the community experience*



*Improved water and transport infrastructure*



*Access to better transport choices*



## I whakahaere i tā te Karauna urupare ki te WAI 2750

### Co-ordinated the Crown response to Wai 2750

Kei te whakahaere Te Tūāpapa Kura Kāinga i te urupare a te kāwanatanga ki te WAI 2750. Koinei tētahi o ngā kaupapa pakirehua a te Taraipiunara i te āhua ki ngā take Māori whānui, Aotearoa whānui rānei. Ā mohoa noa nei, kotahi rau ngā kaikerēme, ā, ko te āhua nei ka piki tērā nui.

Hāngai ana ngā kerēme ki ngā kaupapa pēnei i te kāinga koretanga, ngā ngoikoretanga o ngā ture me ngā here whare, te noho mōriroriro i ngā whenua me ngā pānga o ngā mahi whare a te kāwanatanga ki te oranga, ngā mahi me ngā hua mātauranga o te Māori.

Hei tā te Karauna, mā ngā take nui a ngā kaikerēme te pakirehua e ārahi, ka mutu, ko tā te Karauna he whakarongo, he ako, he tautoko hoki i te Taraipiunara me ngā kaikerēme i roto i ngā mahi tātari i ngā ture whare me ngā mahi. Kei te whakapau kaha te Manatū ki te whakarite rangahau, tatauranga me ngā kōrero taunaki hei tautoko i te Taraipiunara me tēnei pakirehua. Ānei ētahi o ngā mahi:

- Kua whakaemi mai i ngā ture katoa o nāianei e hāngai ana ki ngā mahi whare.
- Kua whakaemi mai i ngā putanga katoa a te kāwanatanga mō ngā mahi whare nō te tau 1970
- Kua whakakotahitia, kua tātarahia hoki ngā tatauranga mō ngā hua o ngā whare Māori.

Kei te tuitui te Manatū i ngā akoranga mai i te pakirehua me te whai whakaaro ki ētahi o ngā tino take a ngā kaikerēme, i roto i ā mātau mahi me ngā iwi, ngā hapū me ngā hapori Māori. He kaupapa nui a Wai 2750 i roto i ngā kaupapa arotakenga me ngā kaupapa tautuhi anō a MAIHI.

The Ministry of Housing and Urban Development is co-ordinating the government's response to the Housing Policy and Services Kaupapa Inquiry (Wai 2750). It is one of the Tribunal's kaupapa (thematic) inquiries into issues of pan-Māori or national significance. So far, there are over 100 claimants and this number may grow further.

Claims cover matters like the homelessness crisis, inadequacy of housing laws and policies, alienation from whenua and the impacts of government housing actions on the health, employment and education outcomes of Māori.

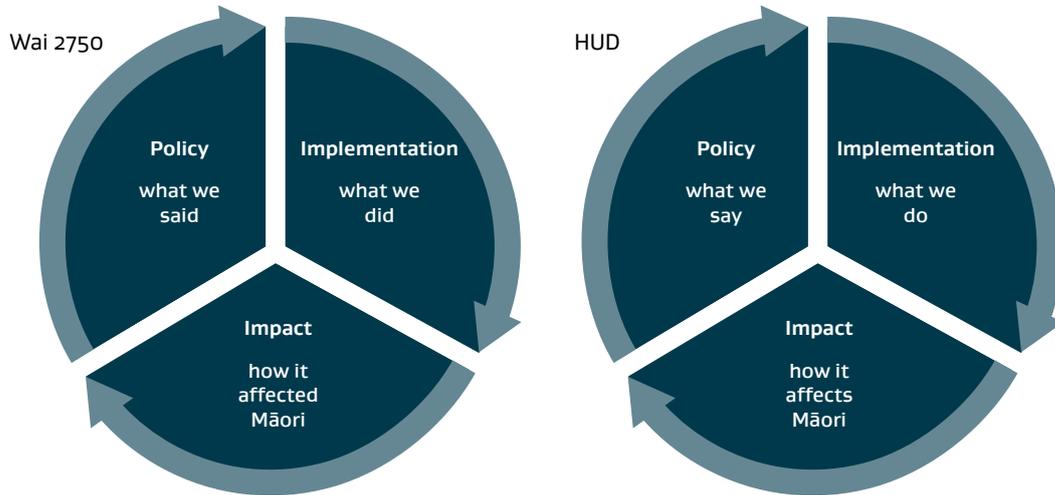
The Crown's position is that the Inquiry should be guided by the claimant priorities and the Crown's role is to listen, learn and support the Tribunal and claimants in examining housing policy and practice. The Ministry is working to provide research, data and evidence that can support the Tribunal to undertake this Inquiry. This has included:

- collation of all current policy relating to housing
- collation of government publications on housing since 1970
- data stocktake and analysis of available data on Māori housing outcomes.

The Ministry is incorporating learnings from the Inquiry and considering how we can address some of the issues raised by claimants in how we work with iwi, hapū and Māori communities. Wai 2750 is an important driver for the MAIHI review and reset work programmes.

## Ka mua / ka muri - looking back to go forward

How Wai2750 is informing the Ministry's work now and for the future



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The Department of Internal Affairs Te Tari Taiwhenua



## I whakawhanake i te Urban Growth Agenda Progressed the Urban Growth Agenda

The Urban Growth Agenda (UGA) was established as a government-wide programme that aims to address fundamentals of land supply, development capacity and infrastructure provision. It aims to deliver the medium to long-term changes needed to create the conditions for the market to respond to growth and bring down the high cost of urban land. This includes removing a range of constraints on the development of much-needed affordable housing in New Zealand.

It includes multiple programmes of work underneath the umbrella of five pillars. The work programmes are also all at various different stages. While the Ministry leads and co-leads a range of the work (as outlined below), it also feeds into the whole programme because of its role in Pillar 5, supporting system coherence, and doing work on the wider costs and benefits of growth.

### Urban Growth Agenda

Infrastructure Funding and Financing	Urban Planning	Urban Growth Partnerships	Transport Pricing	Legislative Reform
Lead Agency: Treasury & DIA	Lead Agency: HUD & MfE	Lead Agency: HUD	Lead Agency: MoT	Lead Agency: HUD & MfE
Aims to improve the supply of infrastructure	Aims to allow cities to make room for growth, support quality-built environment and enable strategic integrated planning	Aims to build stronger partnerships with local government as a means of developing integrated spatial planning	Aims to ensure the price of transport infrastructure promotes efficient use of the network	Aims to ensure the pillars are interconnected and mutually reinforcing. Focuses on system level policy that underpins the UGA
Work includes: Infrastructure Funding and Financing Act Expanding local authority borrowing capacity Changes to existing infrastructure tools Guidance for local government development contributions	Work includes: National Policy Statement on Urban Development	Work includes: Urban Growth Partnerships	Work includes: Congestion pricing mechanisms Transport revenue system	Work includes: System coherence (ensuring the urban growth agenda is an integrated framework) Wider costs and benefits of growth
Programme governance (goes across the entire programme)				

### **Urban Growth Agenda Pillar 1: Infrastructure Funding and Financing**

In high growth areas such as Auckland, Hamilton, Tauranga and Queenstown more housing is needed. Councils in these areas face borrowing constraints that can mean postponing infrastructure projects – including those essential for new housing developments.

In 2019/20, the Ministry, the Department of Internal Affairs and the Treasury worked with high-growth councils to develop a funding and finance tool which allows private capital to be used to get infrastructure built promptly and remove pressure on councils. This resulted in the Infrastructure Funding and Financing Act 2020, which was enacted on 26 July 2020. The tool will complement existing council planning and decision-making processes.

Under the Act the Ministry will adopt new roles to support Cabinet. Where use of a levy to finance an infrastructure project is sought, the Ministry will provide the recommendation to Cabinet and ensure decisions are well informed and the projects comply with other aspects of the legislation. For approved Levies, the Ministry will monitor the collection of the levy in line with the Cabinet approval.

### **Urban Growth Agenda Pillar 2: National Policy Statement – Urban Development**

An unresponsive planning system has meant that our cities do not respond well to growth and as a result we are seeing rising levels of unaffordable housing, increased hardship, and poor access to employment, services and open space.

In 2019/20, the Ministry worked closely with the Ministry for the Environment to develop and deliver the National Policy Statement on Urban Development (NPS-UD), which came into effect on 20 August 2020.

The NPS-UD provides national direction under the Resource Management Act 1991 (RMA).

The NPS-UD will help local authorities better enable intensification, plan for and respond to growth, and well-connected urban development. This in turn will mean that New Zealand's towns and cities are well-functioning, see improved housing affordability, while being inclusive and contributing to people's wellbeing.

### **Urban Growth Agenda Pillar 3: Urban Growth Partnerships (spatial planning)**

Please see page 26 for details of the Urban Growth Partnerships, spatial plans, and Urban Growth Programmes.

Urban Growth Partnerships create opportunities for greater alignment, integration and coordination between central, local government and mana whenua around housing, land use and infrastructure planning. They support the future development of high growth urban areas.

### **Urban Growth Agenda Pillar 5: Legislative reform**

The Ministry continued to work closely with the Ministry for the Environment to ensure that the work programmes under the UGA were interconnected and aligned. This included developing a framework to assess the overall progress of the programme and providing an urban lens to wider government programmes, such as the review of the resource management system.

In 2019/20 the Ministry also initiated work to develop a methodology to understand the wider costs and benefits of urban development as applied to spatial planning.

## Te Tauākī Kaupapa Here a te Kāwanatanga mō Ngā Whare me Te Whakatipu Tāone Government Policy Statement on Housing and Urban Development

The Ministry has progressed work on the inaugural Government Policy Statement on Housing and Urban Development (GPS-HUD), due to be published by 1 October 2021. This will set out the direction and priorities for the Government in the housing and urban development system, including the expectations for Kāinga Ora. This is a powerful tool that will provide clarity and direction for the entire housing and urban system.

As a result of Covid-19 changing our priorities, engagement with partners and collaborators on the GPS-HUD was put on hold. During lockdown the focus was on understanding how Covid-19 would impact the housing and urban development system and what that meant. As we re-start our engagement, insights from this work will underpin our understanding of the system and help ensure the direction set in the GPS-HUD supports the system to be resilient to future shocks.

### I whai wāhi ki ngā whakaraweketanga pūnaha whānui

#### Contributed to wider system reform

We have contributed to cross-government reform looking at transport, infrastructure, and climate change which will support New Zealand and its communities meet existing and coming challenges.

We have contributed cross-government work programmes to:

- Mitigate climate change (the Emissions Reduction Plan) led by the Ministry for the Environment.
- Improve the operation of the transport system, including the draft Government Policy statement on Land Transport led by the Ministry of Transport.
- Improve the settings of the planning system by contributing to work on improving the Resource Management Act 1991 led by the Ministry for the Environment. The Ministry has shaped advice to ministers and the independent review panel on key aspects of the reform (e.g. spatial planning, the purpose and principles, urban issues, and Treaty matters).



Image credit: Dan Freeman, unsplash.com

## Kua mātau ake i te āhua ki te pūnaha, ā, e taunaki ana mātau i ngā whakataua kua taunakitia

### Improved understanding of the system and support evidence-based decisions

The Ministry is building our insights capability and using robust evidence to anticipate and proactively shape the government's activities and responses to the needs of the housing and urban development system.

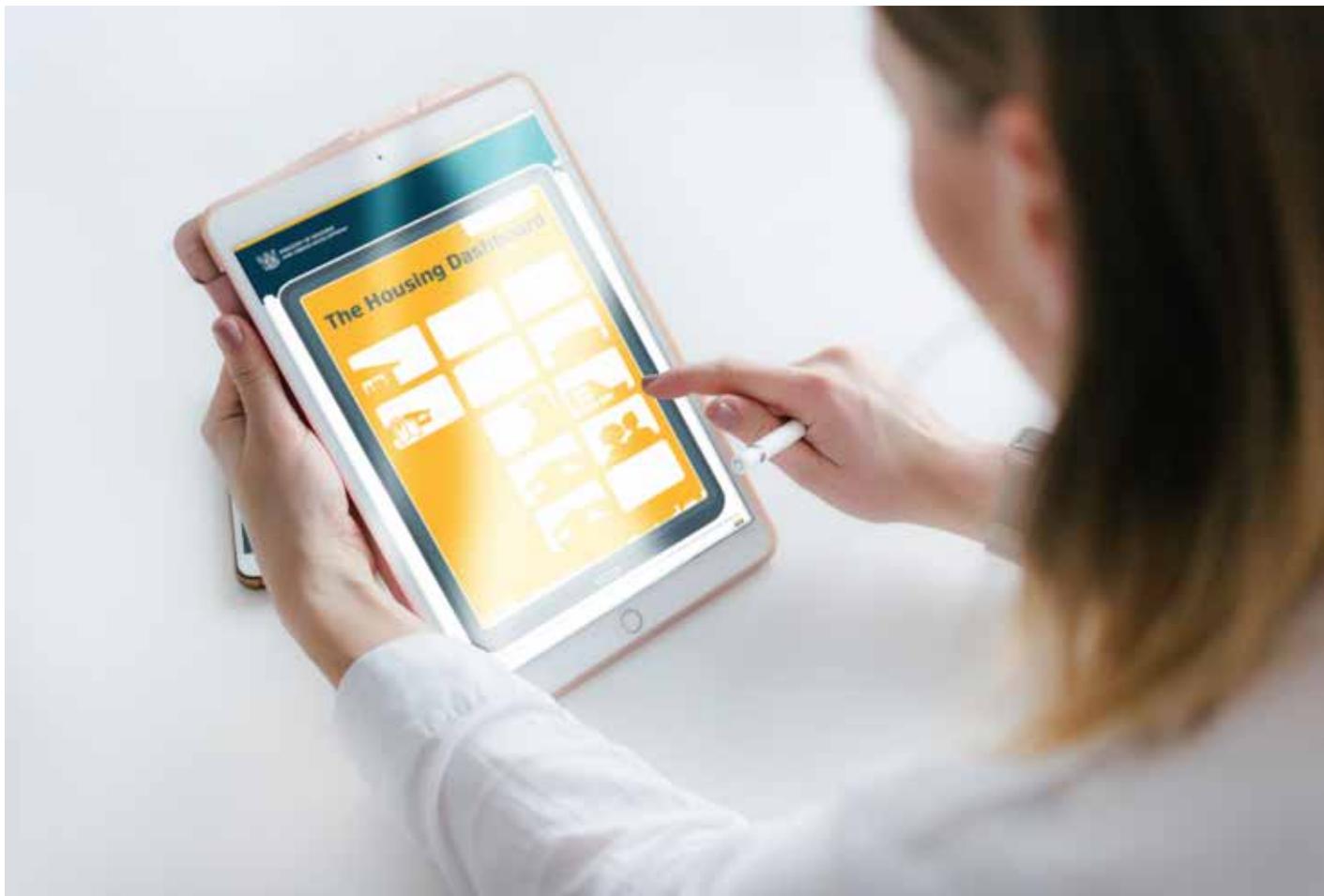
#### Covid-19 has changed the information needs of the system

Prior to Covid-19, the key indicators within the system tended to move very slowly. Things like house prices, rent, sales volumes, types of buyers, demand for public housing were not things that we needed to have near real-time measures of. With the system disruption caused by Covid-19 it is now much more important for us to be able to track the rapidly changing trends in real-time. With this change in focus we are now seeking to incorporate datasets that are more forward looking and fast acting to help us get prior warning of likely changes.

Rather than just a holder of data, our focus is to produce timely and meaningful insights to guide decision making. In 2019/20, we have increased the information we provide to stakeholders.

The Housing Dashboard, bringing together key indicators in the system, was launched in September 2019, and published monthly. It brings together information on the number of people in transitional and public housing, the demand for public housing places, the number of buildings consented, built and key information on government programmes.

There have been 4,755 individual visits to the Housing Dashboard to 30 June 2020, which is an average of 20 visitors each day.



## I whakatūturuhia ētahi āhuatanga puta noa i te pūnaha Provided assurance across the system

### Regulating Community Housing Providers

The Community Housing Regulatory Authority (the Authority) registers, regulates and monitors Community Housing Providers against prescribed Performance Standards, to ensure their tenants are appropriately housed, and to support the growth of a fair, efficient and transparent community housing sector.

At 30 June 2020 the Authority regulates 55 community housing providers (CHPs) that provide 13,030 tenancies for public housing. Ten new CHPs were registered in 2019/20.

This year the Authority's annual monitoring had a particular focus on the management Performance Standards. Registered CHPs were required to submit copies of their Management Reports to their Boards for assessment. Overall, these demonstrated that the Boards of registered CHPs are being provided with sufficient information to undertake their governance functions effectively and with clear reporting lines.

The Authority is supporting new applications to grow the community housing sector, and to allow kaupapa Māori organisations to deliver housing to their communities.

#### Ngā ratonga whare hapori Māori

#### Māori community housing providers

Tōna kotahi hautoru o ngā CHP 55 i Aotearoa he ratonga kaupapa Māori. I te tau 2019/20, e whitu o roto i ngā CHP hou tekau i whai wāhi atu ki te rārangi o ngā CHP kua whai rēhita hei Community Housing Regulatory Authority, he ratonga kaupapa Māori.

Ko ētahi o ngā ratonga hou ko:

- I rēhita a Te Āhuru Mōwai hei CHP mō te iwi o Ngāti Toa i te Paenga-whāwhā o 2020; māna e kawē ngā whakaritenga rēti whare, ngā whakatikatika me te whakapai i ngā āhuatanga o ngā whare Kāinga Ora 900 i te uru o Porirua i tētahi hononga 25 tau.
- I hono mai a Te Rūnanga o Kirikiriroa i te Huitanguru o 2020, me te āpiti i ana kāinga 15 ki te pūnaha whare hapori o Kirikiriroa.
- I rēhita a Ngā Hau E Whā National Marae Charitable Trust i te Huitanguru o 2020 me ana kāinga e 6 i Otautahi.

Around a third of New Zealand's 55 CHPs are kaupapa Māori providers. In 2019/20 seven of the 10 new CHPs added to the Community Housing Regulatory Authority's (CHRA's) list of registered CHPs were kaupapa Māori providers.

Some of these new providers include:

- Te Āhuru Mōwai was registered in April 2020 as the CHP for Ngāti Toa Iwi; it will carry out the tenancy management, maintenance and upgrade functions of around 900 Kāinga Ora properties in Western Porirua in a 25-year partnership
- Te Rūnanga o Kirikiriroa joined in February 2020, adding its portfolio of 15 homes to the Hamilton social housing system
- Ngā Hau E Whā National Marae Charitable Trust, registered in February 2020, with a portfolio of six homes in Christchurch.

### Monitoring Kāinga Ora and Tāmaki Regeneration

The Ministry assists responsible Ministers to carry out their role to oversee and manage the Crown's interest in, and relationship with Kāinga Ora (a Crown Entity) and Tāmaki Regeneration Company (a Schedule 4A company).

During the year the Ministry provided advice on the performance of Kāinga Ora (Housing New Zealand until 1 October 2019) and Tāmaki Regeneration Company. This included advice on the establishment of Kāinga Ora and its enabling legislation, Board appointments, proposals and investment cases and delivery of accountability documents.



## HUA: HE ORANGA MĀ ROTO MAI I NGĀ MAHI WHARE



### OUTCOME: WELLBEING THROUGH HOUSING

Every New Zealander should have a warm, dry and secure place to live that meets their needs. They should have access to the support they need.

Our work this year has resulted in:

- stronger protections for renters and increased certainty around rights and responsibilities for both landlords and tenants
- a clear plan for iwi, housing and social service providers, government agencies and wider community partners to continue to work together to prevent and reduce homelessness
- an increased number of public and transitional housing places.

We are working to make sure that New Zealanders' wellbeing is better enabled by having housing that meets their needs.

**We are:**

- Improving access to housing for people who are experiencing, or at risk of, homelessness.
- Improving the experience of renting.
- Improving access to housing and support services for those in need.

Having a warm, dry and secure place to live is a basic need and a foundation for wellbeing. A home provides not just somewhere to live, but also safety, a sense of belonging, and the foundation for feeling confident, valued, grounded, and capable of building other goals.

Housing impacts wellbeing in many ways. Homes in poor repair have increased risk of injury to occupants. Cold indoor temperatures increase the risk of acute cardiovascular events. Household crowding increases the risk of infectious disease transmission. Crowded, cold, damp, and unaffordable housing impacts mental health. Conversely, secure housing tenure and housing that enables connection with the local community promotes and supports mental wellbeing.

The Ministry responds to, and works with others to co-ordinate and improve the experiences of those New Zealanders who do not have housing, or whose housing impacts negatively on their wellbeing. Government services support wellbeing through housing via a range of services, including those outlined in the table below.

<b>Housing support for those in need, both acute and ongoing</b>		<b>Delivery administered by</b>
Support for people and families who don't have anywhere to live	3,234 transitional places, and 1,250 Covid-19 response places.	 Kāinga Ora Heiwhiri and Communities Community Housing Providers  Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development
	131,231 Emergency Housing Special Needs Grants paid over the year totalling \$ 223 million.	 MINISTRY OF SOCIAL DEVELOPMENT TE WANATU WHAKAHANGATO OIA
Public Housing	69,950 households in public housing.	 Kāinga Ora Heiwhiri and Communities Community Housing Providers
Accommodation supplement	348,754 people receiving the accommodation supplement at end of June.	 MINISTRY OF SOCIAL DEVELOPMENT TE WANATU WHAKAHANGATO OIA
<b>Regulating the rental environment</b>		
Regulations and support for tenants and landlords	Guidance on the heating, insulation, ventilation, moisture and drainage, and draught stopping in rental properties, tenancy disputes, and hold money lodged as bonds.	 MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT HEKONA WHAKATUTUHI
<b>Initiatives to support healthy home environments</b>		
Warmer Kiwi Homes	Insulation and heater grants to low-income home owners.	 EECA TE TARI TIAKI PŪNGAO ENERGY EFFICIENCY & CONSERVATION AUTHORITY
Healthy Homes Initiatives	The Ministry of Health works with 11 district health boards supporting interventions for low income families in areas of high risk of rheumatic fever.	 MINISTRY OF HEALTH MANATŪ HAUORA
Requirements and support for the building and construction sector	Includes, for example, updating and enforcing the building code which ensures buildings are safe, healthy and durable for everyone who may use them.	 MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT HEKONA WHAKATUTUHI

In 2019/20 we have, in addition to the work completed during the Covid-19 response:

- Implemented changes to better balance the rights and obligations of renters and landlords through changes to the Healthy Homes Guarantee Act and the Residential Tenancies Act.
- Led the creation of the Homelessness Action Plan (Action Plan) and a plan for its monitoring and delivery.
- Delivered services and progressed work to deliver the Action Plan's actions.
- Enabled the provision of more transitional and public housing.
- Supported other initiatives and pilots to support the wellbeing of New Zealanders.

## CONTEXT

### Experience of housing in New Zealand and its impact on wellbeing

#### Lack of housing has impacts for education, work, and health.

As at 6 March 2018:

- 3,522 people were living without shelter (on the streets, in improvised dwellings – including cars - and in mobile dwellings)
- 7,567 people were living in temporary accommodation (night shelters, women's refuges, transitional housing)
- 30,555 people were staying with others in a severely crowded dwelling.

The Ministry of Social Development maintains the Housing Register, which includes applicants not currently in public housing who have been assessed as eligible, i.e. in severe need of housing support. There were 18,520 applicants on the Housing Register on 30 June 2020, an increase of 50 percent since June 2019.

#### Damp, and mouldy homes are associated with illnesses such as asthma and respiratory infections.

As at 6 March 2018:

- Over 300,000 houses in New Zealand were affected by damp, at least 44,000 were damp all the time (3.0 percent of all homes). A further 270,000 were sometimes damp (18.5 percent of all homes).
- Nearly 600,000 households rent in New Zealand. Rental properties were almost seven times more likely to be always damp. Of households that rented their home, 6.9 percent reported that it was always damp, and 28.8 percent said it was sometimes damp.
- More Māori and Pacific people live in damp houses with 40.3 percent of Māori and 45.9 percent of Pacific people living in damp houses, compared with 24.2 percent for New Zealanders overall.

Measures for this outcome can be found on page 65.

## Kua whakatika i te ihonui o ngā tika me ngā haepapatanga mō ngā kairēti me ngā rangatira whare

### Improved the balance of rights and obligations for renters and landlords

#### Led reform of the Residential Tenancies Act

Following on from public consultation in 2018/19, in 2020 the Ministry has worked to modernise the Residential Tenancies Act so it's better suited to today's renting environment. The Residential Tenancies Amendment Bill was passed in August 2020, and seeks to ensure the law governing New Zealand's rental market strikes an appropriate balance between protecting a landlord's interest in their property, and ensuring tenants receive fair rights for the rent they are paying.

The reforms are intended to:

- improve tenants' security and stability while protecting landlords' interests
- ensure the law appropriately balances the rights and responsibilities of tenants and landlords and helps renters feel at home
- modernise the Residential Tenancies Act so it can respond to the changing trends in the rental market.

The changes made include removing a landlord's ability to end a periodic tenancy agreement without a reason; prohibiting rental bid soliciting by landlords and limited rent increases to once every twelve months; and ensuring that tenants can add minor changes such as brackets to secure furniture and appliances against earthquake risk, baby proofing the property, installing visual fire alarms and doorbells, and hanging pictures. The Bill also increased financial penalties and gave the Regulator new tools to take direct action against parties who are not meeting their obligations.

This reform followed amendments to the Residential Tenancies Act which were enacted on 30 July 2019 that made changes to liability for damage to rental properties; allowed for regulations to be made to address the testing and remediation of contaminated rental properties; strengthened the ability of the Tenancy Tribunal in relation to unlawful residential premises; and gave Tenancy Services enforcement powers against landlords who rent premises that do not meet minimum standards.

#### Raised awareness of the Healthy Homes Standards

On 1 July 2019 the Residential Tenancies (Healthy Homes Standards) Regulations 2019 came into force. The Standards set minimum standards for rental properties to make them warmer and drier, covering improvements to heating, insulation, and ventilation, and address issues of moisture ingress and drainage and draught stopping. Made under the Residential Tenancies Act 1986, they are implemented and enforced by the Ministry of Business, Innovation and Employment's (MBIE) Tenancy Services. Over 2019/20 the Ministry worked closely with MBIE on an information and education campaign to raise awareness of the standards.

## I whakarite i tētahi Mahere Mahi Kāinga Koretanga mō Aotearoa Developed a Homelessness Action Plan for New Zealand

In 2019-2020 the Ministry led the cross-government creation of the Aotearoa New Zealand Homelessness Action Plan (2020-2023). It was released in February 2020 to deliver on the Government's vision that homelessness is prevented where possible, or is rare, brief and non-recurring. It is based on a commitment to partner with iwi, hapū, marae and Māori organisations, local authorities, providers, and people with lived experience of homelessness to prevent and reduce homelessness.

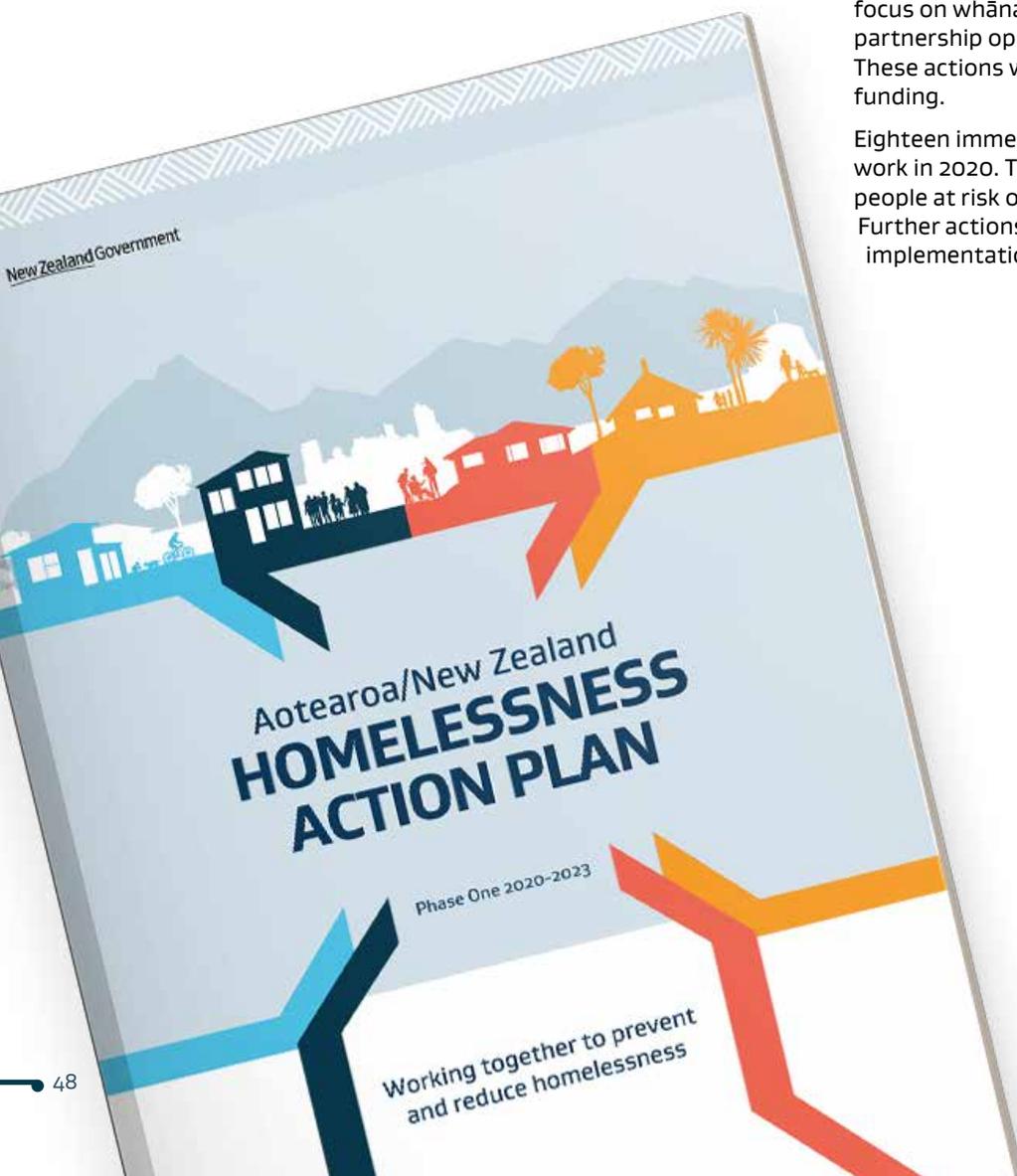
The Action Plan is the result of the need for:

- a clear plan and vision, driven by collective understanding of the drivers of homelessness and a systems approach to improving outcomes
- a more balanced programme of responses and a greater focus on prevention alongside support and increasing supply of housing
- a stronger cross-sector collective frame for iwi, housing and social service providers, government agencies and wider community partners to continue to work together.

The Action Plan sets out an overarching framework to improve the wellbeing and housing outcomes of individuals and whānau who are at risk of, or experiencing, homelessness. The Plan comprises the vision, guiding principles, and action areas across prevention, supply, support and system enablers. The Plan has 18 immediate actions to be put in place in 2020, backed by over \$300 million of funding, and a further 18 longer-term actions to be developed for implementation over 2020-2023.

MAIHI informed the Aotearoa New Zealand Homelessness Action Plan. Using kaupapa Māori principles we strengthened a suite of actions that focus on whānau Māori facing homelessness and partnership opportunities with iwi and Māori. These actions were supported with targeted funding.

Eighteen immediate actions have commenced work in 2020. These will support over 10,000 people at risk of or experiencing homelessness. Further actions will be developed for implementation over 2020-2023.



## Aotearoa/New Zealand Homelessness Action Plan

Homelessness in New Zealand is prevented where possible, or is rare, brief and non-recurring.



### PREVENTION

Individuals, families and whānau receive the support they need so that homelessness stops happening in the first place



### SUPPLY

New Zealanders have a place to call home and the use of motels for emergency accommodation is reduced



### SUPPORT

Individuals, families and whānau experiencing homelessness move quickly into stable accommodation and access wider social support to address needs



### SYSTEM ENABLERS

The system supports and enables our vision and together we can address homelessness

## 18 immediate actions

- **Partner with Māori, iwi, hapū and marae to prevent homelessness.** (HUD)
- **Redesign and expand Sustaining Tenancies.** (HUD)
- Expand housing support for young people leaving Oranga Tamariki care. (Oranga Tamariki)
- Improve transitions from acute mental health and addiction inpatient units. (MoH)
- Support women who are leaving prison. (Ara Poutama/Corrections)
- Support returned overseas offenders who are homeless. (Ara Poutama/Corrections)
- **Urgently increase supply to reduce the use of emergency accommodation.** (HUD)
- **Support Māori Community Housing Providers and other Māori and Iwi providers.** (HUD, Kāinga Ora)
- **Pilot a rapid rehousing approach.** (HUD)
- Expand support to all people in emergency housing. (MSD)
- Introduce housing broker roles. (MSD)
- Better prepare people for private rental. (MSD)
- Assistance for families and whānau with children in emergency housing. (MSD)
- **Create a local innovation and partnership fund.** (HUD)
- **Build capacity and capability of Māori providers.** (HUD)
- **Enable and support kaupapa Māori approaches.** (HUD)
- **Ongoing involvement of people with lived experience of homelessness.** (HUD)
- **Improve evidence and data on homelessness.** (HUD)

## The immediate actions progressed by the Ministry in 2019/20 include:

### **Redesign and expand Sustaining Tenancies Programme**

The Sustaining Tenancies Programme is the Ministry's main initiative to prevent homelessness. It funds community-based providers in high demand areas to help individuals and whānau avoid the instability of insecure housing or homelessness by giving practical support to remain in their tenancy. The range of support is across all communities, and with wide ranging needs, including disabilities, mental health and addiction needs, and those who have experienced domestic violence.

In 2019/20 the Ministry worked on the expansion and re-design of the programme, accelerating progress via increasing the number of Sustaining Tenancies places available in the 2020/21 year by 600 to 2,150 from the original delivery timeline of 1,550 places per year (it is funded to provide spaces for 4,650 individuals, families and whānau over three years).

Engagement with kaupapa Māori and iwi providers was a core element of the re-design process. The Ministry expects that providers have a range of skills and are diverse in their offerings of support, including the capability to embrace kaupapa Māori approaches to successfully engage and enable Māori to access and sustain safe, permanent housing.

The Ministry has selected providers and allocated funding to deliver the increased Sustaining Tenancies services from July 2020.

### **Build capacity and capability of Māori providers**

The Ministry has worked with iwi and Māori housing providers who want to become Community Housing Providers, including looking to support them with funding to complete registration.

### **Work with Māori, iwi and marae to prevent homelessness through whenua-based initiatives**

The Ministry has worked with a number of iwi and hapū groups who have access to, or own, whenua Māori.

### **Increase transitional housing supply**

The programme is jointly delivered, with Kāinga Ora supplying places, the Ministry working with providers to achieve the supply of places and to secure support services; and the Ministry of Social Development providing the demand overview and allocating houses to clients.

### **Pilot a rapid rehousing approach**

Rapid Rehousing supports transitionally homeless individuals and whānau to exit homelessness, return to permanent housing in the community, and maintain their tenancies.

The Ministry secured funding of \$13.5m over two years in November 2019 for a Rapid Rehousing Trial to support 340 individuals and whānau with low to medium complex needs who are experiencing homelessness. This has been provisionally increased to 549 places for the first year of the two year trial (2020-21) due to demand linked to the Covid-19 pandemic. The funding presently includes \$8m for wraparound support services and \$5.5m for Income Related Rent Subsidies.

The Ministry will implement the Rapid Rehousing Trial in areas where Housing First is currently operating from 1 July 2020.

### **Improve evidence and data on homelessness**

The Ministry has completed planning and initial work towards building a comprehensive, fit for purpose, data and evidence system for homelessness that considers the driving forces and pressures that lead to homelessness, the characteristics of those who are homeless or at risk of becoming homeless, and the efficacy of interventions.

### **Local Innovation and Partnership Fund**

The Ministry has set up the three year Local Innovation and Partnership Fund (July 2020- June 2023) to support the implementation of local initiatives to respond to and prevent homelessness. The Fund will enable agencies and community organisations, iwi and wider community partners to work on joined-up initiatives to address system gaps, improve support or prevention and improve the transition between services tailored to the needs in the local area.

## I mahitahi ki te whakapiki i ngā kāinga taunaki i te hunga kāinga kore me ngā kāinga tūmatanui

### Partnered to increase the supply of transitional and public housing

Transitional housing places reduce the use of emergency accommodation such as motels, housing New Zealanders in immediate and severe need. This type of housing gives families, whānau and individuals a warm, dry, safe place to live and wrap-around services while they are supported to find longer-term accommodation.

- A single place helps, on average, four households a year.
- Transitional housing couples safe and warm accommodation with a support service aimed at assisting the household with the barriers they might be facing to finding a permanent home.

Public housing gives families, whānau and individuals an affordable home with security of tenure. Public housing is housing owned by the Crown (Kāinga Ora) or community housing providers. People are placed in this type of housing when they are in severe need of housing support. This comes in the form of an income-related rent subsidy paid by the Ministry of Social Development to the provider. As at 30 June 2020 there were 18,520 people on the housing register. This shows the number of people who have applied and are eligible.

We worked with Kāinga Ora and the community housing sector to increase the supply of public and transitional housing and support services, and to move people out of Emergency Housing funded motels and into transitional housing

This year:

- the number of households in public housing has increased by 2,417 places
- the number of transitional places has increased by 445 places
- there have been 1,250 Covid-19 response places in addition to these transitional places.

#### Delivered against the Public Housing Plan

The 2018 Public Housing Plan (PHP) sets out the Government's plans for responding to the needs of people affected by a shortage of housing, and for ending homelessness. It aims to secure around 6,400 additional public housing places - or 1,600 places each year on average - across New Zealand between July 2018 and June 2022.

As at the end of June 2020, 3,749 public housing places (58.5 percent) have been delivered against the target of 6,400 additional public housing places by June 2022.



Chair of the Te Whare Tane Trust, Ron Vink, in the former Westpac Bank Building in Upper Hutt which the Trust is converting into Transitional Housing.

### Secured funding for further public housing places

The Ministry has been working in partnership with the sector including iwi and Māori housing experts to update the Public Housing Plan. It is expected that Community Housing Providers, Māori housing providers, Kāinga Ora and Transitional Housing Providers will have critical roles to play in delivering these places.

Budget 2020 invested \$570m to enable the delivery of 8,000 new places, being approximately 6,000 public houses and 2,000 transitional housing places to address the public housing shortage and support the Homelessness Action Plan.

This investment is in addition to the 6,400 public housing homes currently being built, in the pipeline or otherwise delivered, and the 1,000 transitional homes announced in February as part of the Homelessness Action Plan. As a result of this the Public Housing Plan will be updated.

### Expanded the delivery of Housing First

Housing First is a collective response to homelessness in a community. It is a service that helps place people into housing and provides them with tailored support for as long as it's needed, helping them remain housed and addressing the issues that led to their homelessness.

Housing First recognises that it is much easier for people to address complex needs, such as mental health and addiction, once they are housed. People are holistically supported to make positive steps towards a healthier and safer life, reduce harmful behaviours, set goals, integrate with the community and connect to iwi and whānau.

The Ministry's role is to bring together local health and social service providers, housing providers, local government, iwi, and other agencies to kickstart and contract delivery of the programme. During the year Housing First was expanded into Whangārei, Blenheim / Nelson, and Hawke's Bay.

At the end of June 2020, 1,271 households were engaged in the Housing First programme, of these 422 are being helped into housing and 849 have been housed and are receiving ongoing support. Overall 1,311 people have been housed through the programme since it commenced in May 2019.



Image credit: Kāinga Ora

## I whakapiki i ngā hua me ngā whakaritenga mō ngā taurewa

### Improved housing outcomes and processes for refugees

To accommodate an increase in the refugee quota, the Government agreed to open extra settlement sites, and fund extra public housing and tenancy support for refugees.

The Ministry worked with the Ministry of Business, Innovation and Employment (MBIE), the Ministry of Social Development and Kāinga Ora to make operational changes to increase the chances of refugees being able to secure public, community and private housing and allow better monitoring of progress.

The Ministry gained joint Ministers' approval to bring some funding forward into 2019/20 to allow Kāinga Ora to deliver 150 new build public houses in refugee settlement locations by the end of 2020/21 (100 percent of the new supply required by that date).

## I whakarite whare mō ngā kaimahi ā-kaupeka

### Enabled the housing of seasonal workers without disadvantaging communities

Seasonal workers play an essential role in supporting the New Zealand economy, and the Recognised Seasonal Employment Scheme run through MBIE helps to ensure employers are able to bring in the workers they need.

Over the last year, we worked with MBIE to ensure that decisions made about seasonal workers would not negatively affect the housing outcomes experienced by people in some of our communities. To do this, we ensured that employers who benefit from the Scheme will be required to provide purpose-built accommodation to house their employees when they operate in a constrained housing market.



Image credit: Paul Sutherland Photography

## Te Whakarite Huarahi Pai

### Creating Positive Pathways

People who leave prison with no access to stable housing are at high risk of both homelessness and re-offending.

In collaboration with the Ministry of Social Development and the Department of Corrections, the Ministry is trialling an initiative which houses and supports ex-offenders reintegrating back into the community.

# HUA: NGĀ KĀINGA UTU- NGĀWARI MŌ NGĀ REANGA KATOA



Image credit: Kāinga Ora

## OUTCOME: AFFORDABLE HOMES FOR EVERY GENERATION

People can buy or rent a home that is sustainable, affordable and meets their needs.

Our work this year has resulted in:

- more people able to buy homes
- more land made available to support housing development.

## We are working to enable all New Zealanders to live in homes they can afford.

### We are:

- improving the support available to people so they can rent or buy homes
- increasing government support for iwi and Māori housing
- increasing the pipeline of affordable housing development, making sure land can provide homes for people across generations.

Affordable housing contributes to people's wellbeing. For lower-income households especially, a high cost of housing is often associated with severe financial difficulty. It may mean households don't have enough money to meet other basic needs.

### Government initiatives to support people to build and buy affordable housing include:

Kiwisaver First Home Grant and First Home withdrawal initiatives, which support first home buyers.	14,151 First Home grants were paid in 2019/20.	 Kāinga Ora Homes and Communities
Kāinga Whenua loans, which enable Māori who want to live on jointly owned ancestral land to build, buy or relocate.	4 Kāinga Whenua loans.	 Kāinga Ora Homes and Communities
First Home Loans, which enable more first-time buyers to own their own homes.	932 First Home Loans were settled in 2019/20.	 Kāinga Ora Homes and Communities
Integrating affordable housing into major urban development projects, and reducing risk by underwriting homes.	266 KiwiBuild homes completed. Six large scale projects underway.	 Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development  Kāinga Ora Homes and Communities

### In 2019/20 we have:

- Put more support in place for people to buy their own homes by developing the progressive home ownership scheme.
- Enabled the delivery of more affordable homes for New Zealanders through the Crown Land for Housing programme.

## CONTEXT

### Housing affordability in New Zealand

In an OECD study looking at housing costs, for the 20 percent who earn the least, New Zealanders spend the highest proportion of their income on housing in the world. More than 50 percent of people in this bracket spend more than 40 percent of their gross income on housing costs.<sup>2</sup>

As capital values grow more quickly than earnings, home ownership rates are falling. This has implications for stratification of wealth in our communities.

- Home ownership levels have been falling since 1991.
- Just over a third (35 percent) of Pacific peoples live in homes owned by their household, while just under a half of Māori do (47 percent), for the total population this figure is almost two in three people (64 percent).

Homeownership has a significant impact on wealth accumulation, with homeowners typically being twenty times wealthier. This is because capital (house) values have risen faster than income.

Measure for this outcome can be found on page 67.

<sup>2</sup> <https://www.oecd.org/els/family/HCI-2-Housing-costs-over-income.pdf>

## Te tautoko i te tangata ki te hoko i tōna anō whare Supporting people to buy their own home

### Changes to the Government Build Programme

The Government Build Programme supports several housing and urban initiatives to support all New Zealanders, including those experiencing homelessness, renters or aspiring homeowners.

The Ministry enacted changes to the Government Build Programme which took effect from 1 October 2019, to help more people become homeowners.

#### Key changes included:

- The announcement of a \$400 million Progressive Home Ownership Fund designed to help families that would otherwise not be able to buy their own home.
- The Welcome Home Loan was renamed the First Home Loan and deposit requirements were reduced to five percent for new and existing homes; increasing the number of people who have been able to access the loan.
- The KiwiSaver HomeStart Grant was renamed the First Home Grant and deposit requirements were reduced to five percent for new and existing homes. Criteria were changed so that it can be paid to all buyers, subject to existing income caps.
- Changes were made to enable more people to access KiwiBuild products and to better reflect market condition. For example, the three-bedroom or more KiwiBuild price cap for Wellington Region was increased to \$550,000.

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### Progressive Home Ownership Fund

We worked closely with the sector to develop an effective fund that supports more New Zealand families into home ownership. Since October 2019, the Ministry has worked on its design and implementation with over 40 organisations, including housing providers, peak bodies, iwi and Māori organisations, other government agencies, interested parties and investors.

On 24 July 2020, the Ministry announced the launch of the first phase of the Progressive Home Ownership (PHO) Fund and the first two providers selected to deliver the first phase: Queenstown Lakes Community Housing Trust and NZ Housing Foundation. Together these providers will help around 100 low to median income families step into home ownership in Queenstown and Auckland.

The Ministry will continue to work on the roll out of the full PHO Fund, including making it available to a wider group of providers, covering more locations. There will also be a dedicated iwi and Māori pathway, with a focus on better outcomes for Māori. We will continue to work closely with Kāinga Ora, who is leading the roll out of the direct-to-households scheme, available from early 2021.

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### KiwiBuild

The Ministry has continued to monitor the changes made to KiwiBuild as part of the Government Build Reset and adjust as required. For example, we have advised on temporarily changing some KiwiBuild settings to better respond to the challenges of Covid-19, such as enabling Kāinga Ora to take on more risk to maintain the KiwiBuild pipeline during times of uncertainty.

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### First Home Grant/First Home Loan

We have continued to monitor the uptake of the First Home Grant and Loan, in conjunction with Kāinga Ora, with a particular interest in the impacts on uptake resulting from the changes.

We have seen several households helped into home ownership through using the five percent deposit available through First Home Grant and First Home Loan.

## CASE STUDY

### Progressive Home Ownership: Having a place to call home

Tonya and Tony Seiuli have dreamed of owning their own home. The family has moved in and out of four rental properties and had to restart in different communities. In November, all that changes when the Seiuli family move into their own home. They are one of the first families being helped into homeownership through the Progressive Home Ownership Fund, through their partnership with the Housing Foundation and their Shared Ownership Programme.



Housing Foundation team  
Issac Liava'a, Greg Freeman  
and Geoff Fariu with Tonya  
and Tony Seiuli.

The Seiuli family outside their new home being built in Flatbush, Auckland.

Having a secure place to call home can have a positive impact on health, education, and employment outcomes, and means a family has the confidence to put down roots in their community.

As Tony says:

***"Owning a house in this area with the schools that are available to our children is just what we've dreamed about, and it's something for them for their future and definitely an investment for us as well in the future."***

The Housing Foundation's Chief Executive Officer Dominic Foote says:

***"We see the difference every day our affordable Rent to Own and Shared Ownership products make to people's lives. It's great to see Government recognition for alternative, affordable home ownership programmes like these. This kind of financial support will enable community housing providers across New Zealand more hard-working renting households become homeowners."***

### Financial capability support for Pacific households

Pacific peoples have the lowest home ownership rate of any group in New Zealand.

Budget 2019 provided \$2.64 million to enable around 300 Pacific households per year over four years to access financial capability services to support them into home ownership.

The Ministry worked with the Ministry for Pacific Peoples on how best to deliver the services and is finalising a contract with the Commission for Financial Capability to do this. We anticipate that this service will be running by the end of 2020.

## Te whakamana i te tukutanga o ngā kāinga utu-ngāwari Enabled the delivery of more affordable homes

### Facilitate Crown land development for housing

In the Land for Housing programme, we look to buy vacant or under-used Crown and private land throughout New Zealand that is suitable for housing development. This land is then sold to a development partner – iwi/private developer – and we work with them to build houses.

#### In 2019/20:

- The Ministry bought two sites totalling 11.15 hectares of land at a cost of \$57.12 million. Once fully developed, this land will site about 650 homes. It is estimated that 260 of these will be KiwiBuild homes, 70 will be public housing, and 320 market-priced homes.
- Two development agreements with iwi partners will result in 395 homes being built on 4.59 hectares of land. Of these, 152 will be delivered as KiwiBuild homes and 243 as market-priced homes.

As at 30 June 2020, the Ministry currently has bought or administers 105.24 hectares of land purchased for \$359.04 million. Once fully developed, this land will deliver about 5,697 homes. It is estimated that 2,314 will be KiwiBuild or affordable homes, 849 will be public housing, and 2,534 will be market-priced homes.

### Facilitating iwi involvement in large-scale development

The Ministry has a well-established, iwi supported policy and practice on progressing commercial development opportunities and working with iwi in development. In the 2019/2020 financial year, we worked with iwi development partners on all signed development agreements.

The Land for Housing programme complements government initiatives to increase outcomes for Māori in housing and government objectives to ensure the durability of Treaty settlements and meet post-settlement commitments. This includes:

- working with iwi where Crown land suitable for housing development is subject to Treaty settlement obligations (for example, rights of refusal)
- investigating opportunities identified by iwi to partner in development
- facilitating Treaty settlement opportunities over land to be acquired for housing.

## TE WHAKAWHĀNUI I TŌ MĀTAU ĀHEITANGA Ā-RŌPŪ WHAKAHAERE GROWING OUR ORGANISATIONAL CAPABILITY

The Ministry was established in October 2018 with a significant programme of work, to prevent and reduce homelessness, increase the supply of affordable housing for people to rent or buy, make homes warmer and healthier, and to support quality urban development. The 2019/20 year is our first full year as an agency.

Over the 2019/2020 year we have continued to focus on setting up our organisation for success and ensuring we have the foundations in place to fulfil our cross-system role and to deliver on our work programme. We are no longer a new organisation but are still maturing our approaches and continuing to build our capability. We have been building, adapting and developing many aspects of our organisation over the last two years of fast growth.

### In 2019/20 we have:

- Continued to embed our organisational strategy – Our Kaupapa.
- Established Te Tautiaki – our strategy and action plan for building the capability of our people to understand and respond to the needs and aspirations of Māori, to apply the Treaty of Waitangi, and to lift the Māori Crown relationship.
- Supported our people to grow, whilst navigating Covid-19.
- Embedded good health, safety and wellbeing practices.
- Shaped the organisation to support our key delivery priorities.
- Continued to build our operational foundations, including establishing a risk and assurance committee.

Image credit: nmint © 123RF.com



## Te whakaū i Tā Mātau Kaupapa hei ārahi i ā mātau mahi Embedding Our Kaupapa to shape the way we work

Our Kaupapa (see page 10) is our organisational strategy – it sets out the outcomes we seek to achieve for New Zealand and HUD’s purpose, role, values and principles. Throughout 2019/2020 we’ve continued to shape and embed the strategy. In May and June 2020, we held a series of internal workshops led by our senior leadership team to continue to develop our collective understanding of our context and how we work. We heard from our staff and have prioritised our next steps to build a high performing organisation.

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## Te whakamahi i Te Tautiaki hei whakakaha i tō mātau āheinga Using Te Tautiaki to build our capability

This year we developed Te Tautiaki, our strategy and action plan, to strengthen our Māori workforce and build capability across our people to reflect a Treaty-anchored organisation with a strong commitment to enhancing the Crown Māori relationship. Te Tautiaki will support our people to apply Te Tiriti o Waitangi to their work. Te Tautiaki will also empower leaders to champion the capabilities and behaviours we are building, to ensure that our people partner with Māori and are able to support Māori housing aspirations.

We give people opportunities to learn te reo Māori and we meet regularly for waiata. All our people can use our organisation’s opening and closing karakia; these karakia include our organisation’s values: arohatia, wānangatia, kōkiritia.

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## Te tautoko me te whakawhanake tonu i te iwi Continuing to support and grow our people

The Covid-19 lockdown meant our people worked from home for over two months, from late March to early June. Our technology enabled us to do this – supporting our people to stay connected with the organisation and each other. Our chief executive held weekly online forums to communicate with our people. The organisation’s wider leadership team met virtually, multiple times each week.

During this time we used regular brief surveys to track our people’s wellbeing and ensure they felt supported to work effectively from home. Results of these ‘Pulse’ surveys showed people knew what was expected, felt connected with their manager and team, and appreciated the support and direction given by senior leaders. The senior leadership team used the survey data to make decisions about the best ways to support people and the timing for staged return to work in our offices.

Despite the disruption caused by Covid-19 we continued recruitment to increase our numbers by 64 people over the year. In October we farewelled our KiwiBuild staff who moved to Kāinga Ora when it was established.

We have continued to focus on closing our gender pay gap, through a focussed work programme. We closed it by seven percent, in the period February 2019 to February 2020, meeting our aim to reduce our headline gender pay gap year-on-year. Our gender balance is 64 percent female and 36 percent male, with 65 percent of leadership roles held by women. A significant driver of our gap is vertical segregation (which sees more women in lower paid salary ranges). During the year we published HUD’s Gender Pay Gap Action Plan on our external website. We continue our focus in the following areas:

- People’s Network (an umbrella network that brings together different employee-led initiatives) – we recognise the importance of working with, supporting and engaging with our employee-led networks to build an inclusive workplace culture that reflects our diversity and enhances our people’s workplace experience.
- Pay Equity – equal pay for the same work. We continue to identify and address any individual anomalies across our remuneration bands of similar work.
- Diversity and inclusion – we continue to build and mature our people practices to promote a diverse and inclusive culture within the Ministry.

## Te whakaū i te hauora, te haumarutanga me te oranga anō hoki i tō mātau wāhi mahi Embedding health, safety and wellbeing in our workplace

We continue to place importance on safety and wellbeing. The Safety and Wellbeing Committee has done a review of critical risk at the Ministry. A particular focus has been on potential risk from incidents that happen as part of our external programmes delivered by contracted service providers. In the 11 months to 31 May 2020 there have been nine reported healthy and safety incidents. None of these have been notifiable events requiring reporting to WorkSafe NZ. There have been 42 reports of pain and discomfort in the workplace from employees. In the same period there have been 12 serious incidents reported to us by our service providers which we have addressed accordingly.

Our health and safety representatives have done training on domestic violence awareness and its impact on the workplace and workplace bullying and harassment prevention. Through the Covid-19 period we held building resilience sessions for our staff and through the working from home period we initiated home workstation assessments to eliminate or minimise any issues around pain and discomfort.

We have contracted St John's Mental Health First Aid Certificate courses to be offered across the organisation, helping our people to recognise and better understand their own mental health and be able to help others. The Ministry is now a recognised member of the 38 member Government Health and Safety Lead agency group and is involved in a number of initiatives.

## Te whakairo i tō mātau hanganga hei taunaki i ā mātau whakaarotau Shaping our structure to support our priorities

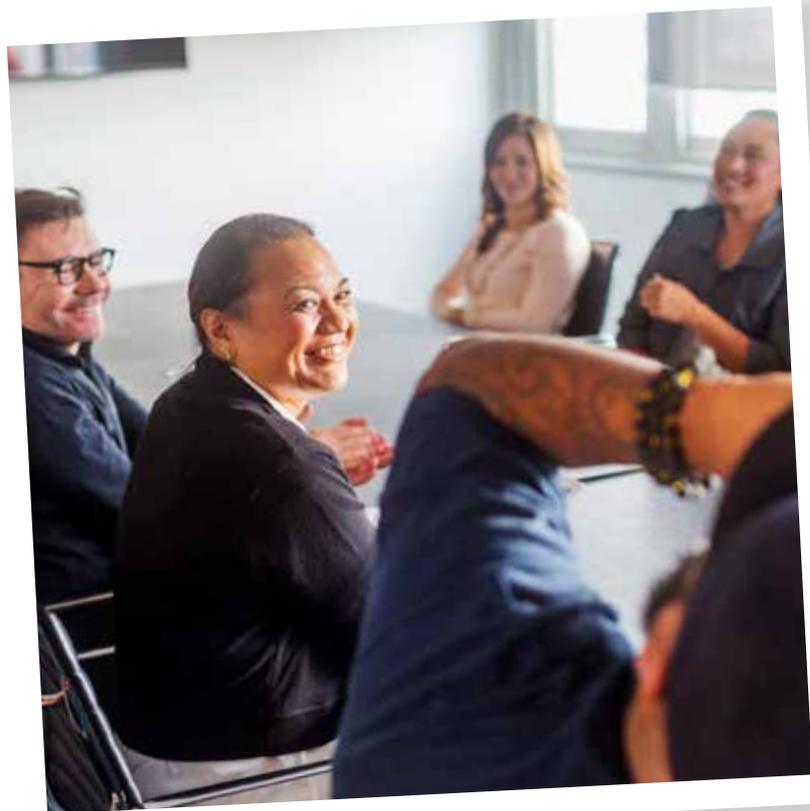
During the year we have made several changes to our structure so that it better supports our delivery.

On 1 July 2019 we formed our senior leadership team and Te Kāhui Kāinga Ora was established. We have continued to build Te Kāhui Kāinga Ora throughout the year to lead the Ministry's work to lift housing and urban development outcomes for Māori. This involves strategy and policy through to developing partnerships and managing funding support for Māori initiatives.

In May 2019 we formed the new Housing Supply, Response and Partnerships group to unite our homelessness and housing delivery and policy workstreams and focus on the outcomes we seek, reflecting our system leadership role.

In August 2020 we formed the new System and Organisational Performance group to consolidate the functions formerly sitting in the Corporate and System Performance / Office of the Chief Executive groups which reflects the shift from establishing the organisation to maturing towards a high-performing organisation.

This year We have also appointed a chief science advisor, Dr Kay Saville-Smith, to ensure robust, credible science is at the core of Ministry decisions .



## Te hanga tonu i ō mātau tūāpapa Continuing to build our foundations

During the year we have continued to build our core foundations.

For the first time since establishment, all our Wellington based people are together in one place – 7WQ.

We have developed our technology and IT capability with a focus on enabling new ways of working, including supporting remote and flexible working. We were well placed to continue working when the Covid-19 lockdown began. During the year, to further support IT capability uplift we introduced a toolkit that supported the varied learning needs of our staff, this included daily clinics during Covid-19 Alert Levels 3 and 4 to help people with remote working challenges.

During the year we also:

- Established a risk and assurance committee with external members to provide independent input and oversight. The committee gives advice on risk processes and practises, assurance programmes, and our control environment.
- Implemented the Ministry's legislative compliance framework and ran our first compliance survey.
- Conducted a personal information audit and completed our first privacy maturity self-assessment as required by the government's chief privacy officer.

In the next few months we will be focusing on improving visibility of our strategy and developing tools and resources that will help us build our capability to work deliberately towards its goals, improving our processes to ensure they are aligned to best enable us to deliver, and expanding our learning and development offerings to support these and our people's development.

## TE INE KAUNEKE

## MEASURING PROGRESS ON OUR OUTCOMES

The table below presents the progress made towards achieving the Ministry's outcomes as presented in our Statement of Strategic Intentions 2019–23. Several measures have been added to reflect the continuing development and refinement of how we measure the impact that we have – these are indicated with an asterisk.\*

The direction of the arrow indicates the direction of change (up indicating an increase, down indicating a decrease) and the colour indicates whether this change is the progress we want to see (green where change is moving in the desired direction, red where it is not). A bar indicates no significant change. In some cases no update is available and this is indicated, along with when data is expected to become available.

## He hapori tōnui

## Vibrant, flourishing communities

What we expect to see when the system is working well	Measures	Trend	Data
Sustainable buildings, infrastructure, spaces and the natural environment are integrated in New Zealand's urban centres.	There are agreed strategic objectives for specific regions, which drive spatial planning.		Urban growth partnerships enable community, iwi, and crown to work together and identify agreed strategic objectives for urban development. Progressed work on two established, four emerging and one proposed partnership during the year.
	Increase in the proportion of adults who said they could easily get to most of their local green spaces.	No update available	In 2018, 96 percent of people reported finding it easy to access their nearest public park or green space. This figure was 96 percent for Māori. <sup>1,2</sup>
	Increase in the proportion of adults who feel safe when walking alone in their neighbourhood after dark.		Data collected during April to June 2020, 75 percent of New Zealand adults aged 18+ years indicated they felt safe when walking alone in their neighbourhood after dark. This figure was 68 percent for Māori. <sup>3</sup> There is no directly comparable previous figure, however in 2018, 62 percent of New Zealand adults aged 15+ years felt safe when walking alone in their neighbourhood after dark. This figure was also 62 percent for Māori. <sup>1</sup>

<sup>1</sup> Stats NZ. (2019). Wellbeing statistics: 2018. <https://www.stats.govt.nz/information-releases/wellbeing-statistics-2018>

<sup>2</sup> Sourced from Stats NZ's biannual General Social Survey (GSS). The next GSS will be undertaken in 2021 (postponed from 2020 due to COVID-19), with results likely to be available in 2022.

<sup>3</sup> Stats NZ. (2020). Wellbeing statistics: June 2020 quarter. <https://www.stats.govt.nz/information-releases/wellbeing-statistics-june-2020-quarter>

What we expect to see when the system is working well	Measures	Trend	Data																		
<p>People have access to education, employment, amenities and services that meet their physical, social and cultural needs.</p>	<p>Increase in the proportion of people who can access their place of employment within a 30-minute car ride or 45-minute public transport ride.</p>		<p>2019/20 (2018/19 figures in brackets) figures indicate 44 (45) percent of jobs can be accessed within 45 minutes via driving, 23 (28) percent via cycling, 15 (15) percent via public transport and five (seven) percent via walking.<sup>4</sup></p>																		
	<p>Increase in the proportion of people with access to essential services (including health care, supermarkets and schools) by walking, cycling, public transport and car within 15 minutes.*</p>		<p>In 2020 (2019 figures in brackets) the proportion of people within 15 minutes of essential services by transport mode included:</p> <ul style="list-style-type: none"> <li>• Supermarket: 51.0 (51.2) percent via public transport and 39.6 (39.5) percent within a 15-minute walk.</li> <li>• Primary school: 98.5 (98.5) percent within a 15-minute drive, and 61.8 (61.5) percent within a 15-minute walk</li> <li>• Secondary school: 28.0 (28.8) percent via public transport and 20.9 (20.5) percent via a 15-minute walk</li> <li>• GP: 61.6 (61.9) percent via public transport and 51.3 (51.3) percent via a 15-minute walk.<sup>5</sup></li> </ul>																		
<p>Māori can enjoy the full use of their land.</p>	<p>Increase in the proportion of Māori land used for housing and Māori community development.</p>		<p>There is no measure to indicate an increase in the proportion of Māori land used for housing and urban development. The Ministry worked with several iwi and hapū groups through MAIHI, enabling housing on their whenua.</p>																		
<p>Communities have appropriate spaces for businesses to operate and grow.</p>	<p>Increase in urban productivity.</p>		<p>Increases in gross domestic product per capita were seen across all regions with major urban areas<sup>6</sup> in the five years to March 2019:</p> <table border="0"> <tr> <td>Auckland</td> <td>39.0%</td> <td>(\$70K)</td> </tr> <tr> <td>Waikato</td> <td>27.5%</td> <td>(\$54K)</td> </tr> <tr> <td>Bay of Plenty</td> <td>44.4%</td> <td>(\$54K)</td> </tr> <tr> <td>Wellington</td> <td>23.9%</td> <td>(\$74K)</td> </tr> <tr> <td>Canterbury</td> <td>22.6%</td> <td>(\$60K)</td> </tr> <tr> <td>Otago</td> <td>36.1%</td> <td>(\$58K)</td> </tr> </table>	Auckland	39.0%	(\$70K)	Waikato	27.5%	(\$54K)	Bay of Plenty	44.4%	(\$54K)	Wellington	23.9%	(\$74K)	Canterbury	22.6%	(\$60K)	Otago	36.1%	(\$58K)
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Otago	36.1%	(\$58K)																			

<sup>4</sup> NZTA. (2020 – In Print). NZTA annual report (end 30 June 2020). <https://www.nzta.govt.nz/resources/annual-report-nzta/>

<sup>5</sup> NZTA. (2020 – In Print). NZTA annual report (end 30 June 2020). <https://www.nzta.govt.nz/resources/annual-report-nzta/>

Note: NZTA have changed the methodology of this measure to a whole-of-network analysis using freely available sources (GTF5 files, Open Street Maps, and pre-existing TomTom network which NZTA owns). They have recalculated the 2018/19 result. Data represents a snapshot of the land-transport system during peak morning period on a non-holiday, a Tuesday in early March – before lock-down restrictions on movement occurred March 2020. Public transport only includes cities where electronic schedules could be obtained. These include the following regional transport authorities: Auckland, Wellington, Christchurch, Waikato, Bay of Plenty, Hawke’s Bay, Palmerston North, Timaru and Otago. These areas cover 79.5% of New Zealand’s population. Access to public transport is likely to be negligible outside of these areas.

<sup>6</sup> Stats NZ. (2020). New Zealand’s regional economies 2019. <https://www.stats.govt.nz/infographics/new-zealands-regional-economies-2019>

## He ora mā roto i ngā mahi whare Wellbeing through housing

What we expect to see when the system is working well	Measures	Trend	Data
Everyone has access to a warm, safe and dry home with security of tenure appropriate to their circumstances.	Decrease in the proportion of the population who are experiencing homelessness.	No earlier comparable data	In March 2018, 41,644 people were living in severe housing deprivation. <sup>7</sup> Of the total, it is estimated: <ul style="list-style-type: none"> <li>• 3,522 people were without shelter, including 903 Māori</li> <li>• 7,567 were in temporary and/or non-private dwellings (ethnicity not captured for most of this data)</li> <li>• 30,555 were sharing accommodation in severely crowded dwellings, including 10,938 Māori.</li> </ul>
	Increase in the proportion of people who have lived in one house for at least the last five years.	No update available	In 2018, 53 percent of adults aged 15 years and over had lived in the same dwelling for at least the last five years. <sup>8,9</sup>

<sup>7</sup> Amore, K., Viggers, H., Howden Chapman, P. (2020). Severe Housing Deprivation in Aotearoa New Zealand, 2018. [hud.govt.nz/news-and-resources/statistics-and-research/2018-severe-housing-deprivation-estimate/](https://hud.govt.nz/news-and-resources/statistics-and-research/2018-severe-housing-deprivation-estimate/)

<sup>8</sup> Stats NZ. (2019). Wellbeing statistics: 2018. <https://www.stats.govt.nz/information-releases/wellbeing-statistics-2018>

<sup>9</sup> Sourced from Stats NZ's biannual General Social Survey (GSS). The next GSS will be undertaken in 2021 (postponed from 2020 due to COVID-19), with results likely to be available in 2022.

What we expect to see when the system is working well	Measures	Trend	Data
People have access to the services they need to be able to sustain their housing.	Decrease in the proportion of children living in homes with cold, dampness or mould.		In 2018/19 (2017/18 figure in brackets), eight <sup>10</sup> (8.5) percent of children and young people (ages 0-17) lived in households reporting a major problem with dampness or mould. This figure was 13 percent for Māori children. <sup>10</sup>
	Increase in the diversity of supply of homes in communities.		As at 30 June 2020 kaupapa Māori community housing providers (CHPs) comprised 17 of the 55 registered CHPs (31 percent, up from 20 percent at 30 June 2019) and were providing 3.67 percent of the total CHP housing stock.  In 2019/20 there was an increase in higher density residential dwellings, with residential apartments and flats making up 15.9 and 16.1 percent of net new dwellings respectively. <sup>11</sup>
	Decrease in crowding.*	First time being reported	In 2018, 10.8 percent of people in New Zealand households were living in a crowded dwelling. This was the situation for 20.8 percent of Māori. <sup>12</sup>
	Decrease in the proportion of tenancy tribunal applications due to rent arrears.		In 2019 (2018 figures in brackets) – there were a total of 29,496 (32,222) claims to the tribunal, of which 66 (85) percent were for rent arrears. <sup>13</sup>
	Decrease in the proportion of people who have lived in five or more houses in the last five years.	No update available	In 2018, five percent of adults aged 15 years and over had moved dwellings five or more times in the past five years. This was the case for nine percent of Māori. <sup>8,9</sup>

<sup>10</sup> Department of the Prime Minister and Cabinet. (2020). Child Poverty Related Indicators Report. <https://dpmc.govt.nz/our-programmes/reducing-child-poverty/child-poverty-measures-targets-and-indicators>

<sup>11</sup> Data from local councils, provided by CoreLogic and managed by HUD.

<sup>12</sup> Stats NZ. (2020). Almost 1 in 9 people live in a crowded house. <https://www.stats.govt.nz/news/almost-1-in-9-people-live-in-a-crowded-house>

<sup>13</sup> Provided by MBIE

What we expect to see when the system is working well	Measures	Trend	Data
People have the opportunity to fully participate in the community.	Increase in the average adult score for sense of belonging to their neighbourhood.	No update available	In 2018, more than two-thirds of New Zealand adults (15+ years) felt a sense of connection with others in their neighbourhood. This proportion was the same for Māori. <sup>8,9</sup>
	Increase in the proportion of Māori who have visited their ancestral marae in the past 12 months.		Provisional estimates indicate that in 2018 (2013 figure in brackets), 32 (33) percent of Māori had visited their marae tipuna in the past 12 months. <sup>14</sup>

## Ngā kāinga utu-ngāwari ki ngā reanga katoa Affordable homes for every generation

What we expect to see when the system is working well	Measures	Trend	Data
People are able to rent or buy appropriate housing for their changing needs.	Increase in rental housing affordability.	No update available	At December 2018, 31 percent of renter households were spending more than 30 percent of their household income on rent. <sup>15,16</sup>
	Decrease in the time to house people from the public housing register.		In the year to June 2020 (2019 figure in brackets) the median time to house people on the housing register was 126 (101) days. <sup>17</sup>
	Increase in home ownership.		In 2018 (2013 figures in brackets) 64 (64) percent of people were living in homes owned by their household. For Māori this was 47 (43) percent, and for Pacific peoples 35 (33) percent. <sup>18</sup>

<sup>8</sup> Stats NZ. (2020). Te Kupenga: 2018 (provisional) – English. <https://www.stats.govt.nz/information-releases/te-kupenga-2018-provisional-english>

<sup>9</sup> Ministry of Housing and Urban Development. (2019). Experimental Housing Percentage Measure. [hud.govt.nz/news-and-resources/statistics-and-research/housing-affordability-measure-ham/experimental-housing-percentage-measure/](http://hud.govt.nz/news-and-resources/statistics-and-research/housing-affordability-measure-ham/experimental-housing-percentage-measure/)

<sup>16</sup> This measure is calculated using Stats NZ's Integrated Data Infrastructure, an update of this was delayed due to the Covid-19 lockdown restrictions. An update of this measure is expected to be published on our website before the end of 2020.

<sup>17</sup> Ministry of Social Development. (2020 – In print). 2019 – 2020 Annual Report. <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/corporate/annual-report/index.html> The increase of the housing register has been proceeding at a great pace. This year the results were exacerbated by the impact of Covid-19. During the nationwide Alert Level 4 lockdown period (and to a lesser extent in Alert Level 3) clients were unable to move into new public housing, and time to house indicators worsened for these clients. It was only at Level 2 that the flow into public housing began to accelerate.

<sup>18</sup> Stats NZ. (In print). Census tenure by ethnicity – due to be released by the Ministry via [data.govt.nz](http://data.govt.nz)

What we expect to see when the system is working well	Measures	Trend	Data
Land is used efficiently, effectively and sustainably to provide homes for people across generations.	Decrease in the price to cost ratio of residential housing.		For 2019/20 (2018/19 figure in brackets) the provisional price to cost ratio is 1.61 (1.60). <sup>19</sup>
Māori, whānau, hapū and iwi are empowered to realise their housing aspirations.	Increase in Māori home ownership.		In 2018 31 per cent (28 percent in 2013) of Māori individuals owned the dwelling they lived in, or had it in a family trust, this figure was 52 percent for the total population (50 percent in 2013). <sup>20</sup>
Innovative solutions support scale, pace and quality.	Increase in the proportion of new builds using prefabrication or modular construction.		The Ministry does not have a direct measure of new builds using prefabrication or modular construction. However, New Zealand's biggest residential builder, Kāinga Ora, has established a panel of delivery partners to provide modular and prefabricated housing solutions in the form of complete dwellings, (including kitchens and bathrooms) and/or offsite build methods. Kāinga Ora is expanding the use of off-site manufacturing and modular design.

## He punaha panoni i a ia anō A self-adjusting system

What we expect to see when the system is working well	Measures	Trend	Data
Housing supply meets housing demand.	Decrease in the ratio of new households to new dwelling consents.	No update available	As at August 2019 the ratio of households to new consents was 1.14. <sup>21</sup>
	Decrease in average time taken to complete resource consents.		In 2018/19 (2016/17 figures in brackets) the median number of working days to approve or decline a notified resource consent with a hearing was 206 (175). The median number of working days for a non-notified resource consent was 29 (26). <sup>22</sup>

<sup>19</sup> Ministry analysis using same methodology as used for National Policy Statement on Urban Development Dashboard. <https://catalogue.data.govt.nz/dataset/urban-development>

<sup>20</sup> Census 2018 data from Stats NZ <http://nzdotstat.stats.govt.nz/wbos/> This measure is of individual home ownership. The measure presented in our 2018/19 Annual Report was for people in households.

<sup>21</sup> We cannot provide an update of this figure for 2020. Current Stats NZ household estimates remain on a 2013 base, these will be rebased and revised in early 2021 following the publication of the 2018-base estimated resident population.

<sup>22</sup> Ministry for the Environment. (2020). Resource Consents Explorer 2014/15 to 2018/19. <https://mfenz.shinyapps.io/ResourceConsentsExplorer/> This does not account for events that stop the statutory clock eg, an information request, or section 37 time extensions. The average time for resource consents being processed across the country may have increased due to a number of factors in a number of different areas. Factors may include the volume of resource consents sought, complexity of resource consents, and resourcing of local councils etc.

What we expect to see when the system is working well	Measures	Trend	Data
	An increase in the proportion of people who are satisfied with the area in which they live.	No update available	In 2018, 77 percent of adults aged 15 years and over found their neighbourhood attractive. 68 percent of Māori adults found their neighbourhood attractive. <sup>23,24</sup>
Collaboration and effective partnerships shape the system.	Increase in stakeholder pulse check of perceived effectiveness of the Ministry of Housing and Urban Development's relationships.	First time being reported	90.5% of respondents indicated they were at least moderately satisfied, with 61.9% indicating they were extremely satisfied.
	Increase in the number of people housed as a result of iwi partnerships.		For 2019/20 (2018/19 figure in brackets) 253 (157) dwellings were built in partnership with iwi.
Sector capability and capacity is continuously developing.	Increase in the quality assessment of local government's housing and business development capacity assessment and future development strategies.		Housing and business development capacity assessments (HBAs) were completed by councils across seven urban areas during 2019. All councils required to produce HBAs have now done so, providing a baseline to assess the quality of future assessments. <sup>25</sup>
	Decrease in cost per metre-squared of residential construction.		The cost per metre-squared for 2019/20 (2018/19 figure in brackets) was \$2,941.59 (\$2,782.61). <sup>26,27</sup>

<sup>23</sup> Stats NZ. (2019). Wellbeing statistics: 2018. [stats.govt.nz/information-releases/wellbeing-statistics-2018](https://stats.govt.nz/information-releases/wellbeing-statistics-2018)

<sup>24</sup> Sourced from Stats NZ's biannual General Social Survey (GSS). The next GSS will be undertaken in 2021 (postponed from 2020 due to COVID-19), with results likely to be available in 2022.

<sup>25</sup> The National Policy Statement on Urban Development Capacity has now been repealed and replaced by the National Policy Statement on Urban Development 2020.

<sup>26</sup> Ministry analysis using same methodology as used for National Policy Statement on Urban Development Dashboard. <https://catalogue.data.govt.nz/dataset/urban-development>. 2018/19 figure has been adjusted for 1.5 percent inflation based on CPI increase to June 2020.

<sup>27</sup> The increase in the average cost of residential construction may have been contributed to by numerous factors, including type of materials use, variance in the cost of materials, the standard to which property is built to, variance in labour cost, prevalence of bespoke home building, size of properties build and increased costs associated with more challenging plots etc.

What we expect to see when the system is working well	Measures	Trend	Data
Future consequences are foreseen and planned for.	Information is accessible and used to inform decisions.	First time being reported	There have been 4,755 visits to the housing dashboard to 30 June 2020, an average of 20 visitors each day.
	Increased local and national planning for responding to environmental change	No update available	We have no measure of the extent by which there has been an increase in planning which accounts for future environmental change. The National Policy Statement on Urban Development came into effect on 20 August 2020 and directs local authorities to consider the likely current and future effects of climate change. Tier 1 and Tier 2 councils <sup>28</sup> are required to produce Future Development Strategies, which among other things are intended to ensure urban environments are resilient to current and future effects of climate change.

<sup>28</sup> Tier 1 and Tier 2 councils are described on the HUD website: <https://www.hud.govt.nz/urban-development/national-policy-statement-on-urban-development-nps-ud/> they include councils in the Auckland, Christchurch, Wellington, Tauranga, Hamilton, Whangārei, Rotorua, New Plymouth, Napier-Hastings, Palmerston North, Nelson Tasman, Queenstown and Dunedin areas.

# PERFORMANCE AND FINANCIAL INFORMATION

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## STATEMENT OF RESPONSIBILITY

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I am responsible, as Chief Executive of the Ministry of Housing and Urban Development (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the *Public Finance Act 1989*, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in the annual report.

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2020 and its operations for the period ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2021 and its operations for the year ending on that date.



**Andrew Crisp**

Te Tūāpapa Kura Kāinga  
- Ministry of Housing and Urban  
Development

14 October 2020

## INDEPENDENT AUDITOR'S REPORT

### To the readers of the Ministry of Housing and Urban Development's annual report for the period ended 30 June 2020

The Auditor-General is the auditor of the Ministry of Housing and Urban Development (the Ministry). The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 92 to 117, that comprise the statement of financial position, statement of commitments, statement of contingent assets and liabilities as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2020 on pages 63 to 70 and 77 to 91;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2020 on pages 130 to 138; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 118 to 129 that comprise:
  - the schedules of non-departmental assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020;
  - the schedules of non-departmental expenses; and revenue for the year ended 30 June 2020; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Ministry on pages 92 to 117:
  - present fairly, in all material respects:
    - \* its financial position as at 30 June 2020; and
    - \* its financial performance and cash flows for the period ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Ministry on pages 63 to 70 and 77 to 91:
  - presents fairly, in all material respects, for the period ended 30 June 2020:
    - \* what has been achieved with the appropriation; and
    - \* the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 130 to 138 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 118 to 129 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the non-departmental assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020; and
  - Non-departmental expenses; and revenue for the year ended 30 June 2020.

Our audit was completed on 14 October 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on the Ministry. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

## Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the Ministry as set out in note 19 to the departmental financial statements, note 8 to the non-departmental statements and schedules and as noted on page 89 of the statement of performance.

## Basis for our opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry’s financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry’s ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive’s responsibilities arise from the Public Finance Act 1989.

## Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Estimates and Supplementary Estimates of Appropriations 2019/20, and the 2019/20 forecast financial figures included in the Ministry's 2018/19 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 2 to 62, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.



John Whittal  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# STATEMENT OF PERFORMANCE

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for the year ended 30 June 2020

TUHINGA O MUA 2019/20

STATEMENT OF PERFORMANCE 2019/20  
VOTE HOUSING AND URBAN DEVELOPMENT**Policy Advice and Related Outputs Multi-category Appropriations (MCA)**

The overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.

**Departmental output expenses**

**Crown Monitoring Advice** – This category is limited to activity related to performance monitoring Housing New Zealand Corporation and Tamaki Redevelopment Company and governance advice to the Minister of Housing and Urban Development in respect of these agencies.

**Policy Advice** – This category is limited to advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision making by Ministers on government policy matters relating to housing and urban development.

**Related Services to Ministers** – This category is limited to the provision of support, information and services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities on matters relating to housing and urban development.

2019 Actuals \$000	Financial Performance	2020 Actual \$000	2020 Budget \$000
	<b>Departmental output expenses</b>		
	<b>Revenue</b>		
	<u>Policy Advice</u>		
15,703	Revenue - Crown	26,810	26,810
185	Revenue - Departmental	597	107
	<u>Related Services to Ministers</u>		
1,183	Revenue - Crown	2,554	2,554
-	Revenue - Departmental	58	7
	<u>Crown Monitoring Advice</u>		
347	Revenue - Crown	453	453
-	Revenue - Departmental	-	1
<b>17,418</b>	<b>Total revenue</b>	<b>30,472</b>	<b>29,932</b>
	<b>Expenses</b>		
15,662	Policy Advice	26,296	26,917
1,060	Related Services to Ministers	2,504	2,561
145	Crown Monitoring Advice	374	454
<b>16,867</b>	<b>Total expenses</b>	<b>29,174</b>	<b>29,932</b>
<b>551</b>	<b>Net surplus</b>	<b>1,298</b>	<b>-</b>

**Performance information:**

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
Survey not completed <sup>1</sup>	Assessment satisfaction of Ministers annually	Achieved <sup>2</sup>	Reaching, or exceeding 70%
Survey not completed <sup>1</sup>	Minister is satisfied with the information and advice received supporting their role as shareholder of Crown entities	Achieved <sup>2</sup>	Achieved
80%	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	Achieved <sup>3</sup>	At least an average of 73%

**Percentage of requests completed within specified or statutory timeframes:**

97%	<ul style="list-style-type: none"> <li>Ministerial correspondence</li> </ul>	95.6% <sup>4</sup>	95% or above
98%	<ul style="list-style-type: none"> <li>Ministerial Official Information Act 1982 requests</li> </ul>	100% <sup>4</sup>	95% or above
99%	<ul style="list-style-type: none"> <li>Parliamentary questions</li> </ul>	98.9% <sup>4</sup>	95% or above

<sup>1</sup> Due to change in Ministerial portfolios on 27 June 2019, the survey was not completed for this financial year.

<sup>2</sup> Ministers completed one survey addressing a number of elements that provide indications of their overall satisfaction with the Ministry for information and advice received for their portfolio role, and as a shareholder of crown entities. Overall satisfaction was 78.3%.

<sup>3</sup> We received an average 3.7 on the new Policy Quality Framework 5 point scale. 27 papers were reviewed. This is the first year that papers have been assessed against the policy quality framework. Because of the construction of the scale the overall score cannot be translated easily. NZIER have advised us that our 2018/19 papers would be equivalent to a 3.4 on the new scale, indicating an improvement in quality over the period. The measure will be updated next year to reflect the change in measurement scale from percentage to number.

<sup>4</sup> During alert level 4, in response to Covid-19, the State Services Commission advised agencies to seek agreement from Ministers to extend the agreed timeframe for responding to Ministerial Correspondence from 20 days to 30 days. This agreement was sought and confirmed from each office. Further, Parliament agreed through this time that the timeframe to respond to Written Parliamentary Questions was extended from 6 working days to 10.

## KiwiBuild Unit

This appropriation is limited to the activities associated with the facilitation and implementation of the KiwiBuild Programme.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Revenue</b>		
16,849	Crown	13,486	13,486
-	Departmental	88	15
<b>16,849</b>	<b>Total revenue</b>	<b>13,574</b>	<b>13,501</b>
<b>13,314</b>	<b>Total expenses</b>	<b>6,111</b>	<b>13,501</b>
<b>3,535</b>	<b>Net surplus</b>	<b>7,463</b>	<b>-</b>

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
8	Number of greenfield and urban regeneration projects investigated or due diligence completed	16 <sup>5</sup>	5

This appropriation captures the operational costs for administering the Land for Housing Programme and Buy-Off the Plans initiative.

On 1 October 2019 the Buy-Off the Plans operations transferred to Kāinga Ora Homes and Communities. Kāinga Ora - Homes and Communities was established following the royal assent of the Kāinga Ora - Homes and Communities Act 2019, the Act consolidated Housing New Zealand, its subsidiary Homes Land Community and parts of KiwiBuild Unit which had previously sat with the Ministry.

The Ministry still holds and is responsible for the appropriation for the Buy-Off the Plans initiative, regardless of the operational arm being with Kāinga Ora - Homes and Communities. The performance reporting for the Buy-Off the Plans initiative for the full 12 months will be reported in Kāinga Ora's - Homes and Communities annual report.

The Land for Housing Programme of work is discussed at page 58 of Part A of the annual report, the work is focused on locating appropriate land for housing development, investigating the sites for acquisition, acquiring appropriate sites, and negotiating development of acquired sites.

<sup>5</sup> In financial year 2019/20, we identified and conducted initial due diligence on 35 sites, completed secondary due diligence on 16 sites and advanced these sites to the acquisition negotiation stage. On average, the length of time used for due diligence for these sites was 371 days. The estimated yield from these combined sites is 2,932 dwellings on a total area of 169.77 hectares, and preliminary investigations suggest 1,127 could be KiwiBuild, 1,448 open market and 357 Public housing; however not all these negotiations will result in successful land acquisitions therefore not all this estimated yield will be realised in the Land for Housing Programme. The target of 5 sites completing due diligence has been exceeded as the workflow is dependent on when crown land is considered surplus by external parties. We assess each site for housing suitability when brought to our attention. There was more activity in the 2019-20 year than had been anticipated.

## Management of Housing Places, Providers and Services

This appropriation is limited to negotiating and managing contracts with housing and housing support service providers and administering payments for housing places and support services.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Revenue</b>		
12,165	Crown	19,991	19,991
266	Departmental	574	246
<b>12,431</b>	<b>Total revenue</b>	<b>20,565</b>	<b>20,237</b>
<b>12,498</b>	<b>Total expenses</b>	<b>19,383</b>	<b>20,237</b>
<b>(67)</b>	<b>Net surplus/deficit</b>	<b>1,182</b>	<b>-</b>

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
100%	Public housing <sup>6</sup> , transitional housing <sup>7</sup> and responses to housing and homelessness <sup>8</sup> will be delivered in accordance with the work programme agreed with the Minister.	100% <sup>9</sup>	100%

The overall growth in departmental spending aligns to the increased work programme and requisite staffing to deliver multiple initiatives in this area.

<sup>6</sup> The Ministry contracts for the delivery of housing and pays Income-Related Rent Subsidy to cover the balance between the tenant's rental payment and the market rent. In 2019/20 we monitored and managed 78 contracts with 35 community housing providers (CHPs) and monitored delivery by Kāinga Ora Home and Communities (previously Housing New Zealand Corporation). See page 42 for our work monitoring CHPs, page 43 for our work monitoring Kāinga Ora.

<sup>7</sup> The Ministry worked with MSD to monitor and manage 144 contracts with 58 providers for transitional housing. See page 51 for more on our work in connection to transitional housing.

<sup>8</sup> Our Performance story contains information on housing and homelessness work programmes, including the Homelessness Action Plan (page 48) and Housing First (Page 52).

<sup>9</sup> As the work programme is managed on an on-going basis with Ministers and any changes in direction are agreed, we have assessed it to be 100% in accordance.

## Facilitating the Redevelopment of Surplus Crown Land

This appropriation is limited to the activities associated with the facilitation of Crown land redevelopment.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Revenue</b>		
2,454	Crown	2,503	2,503
-	Departmental	70	20
<b>2,454</b>	<b>Total revenue</b>	<b>2,573</b>	<b>2,523</b>
<b>2,443</b>	<b>Total expenses</b>	<b>2,499</b>	<b>2,523</b>
<b>11</b>	<b>Net surplus</b>	<b>74</b>	<b>-</b>

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
100%	Compliance with relevant legislation, Government policy and Treaty settlement provisions in relation to acquisition, development and disposal of land.	100% <sup>10</sup>	100%

Since 2015 a total of 105.24 hectares of land has been purchased or is administered under the Land for Housing Programme (and its predecessors the Crown Land Development Programme and the Christchurch Housing Accord Appropriation) to the value of \$359.04 million. These sites are expected to provide around 5,722 new houses through completed, current and future development agreements. Of these new homes, we estimate the delivery of 2,326 KiwiBuild or affordable homes, 861 public homes, and 2,535 market-priced homes.

<sup>10</sup> As work follows processes and procedures designed to ensure compliance with relevant legislation and policy, and we received no notification nor identified any exceptions, we have assessed compliance to be 100%. Amongst the measures taken to ensure the Ministry meets relevant compliance expectations are: comprehensive due diligence including high level legal reports, desktop site analysis reports, geotechnical investigations, land contamination investigations, traffic reports, infrastructure reports, bulk and location studies, financial and design review. Processes to acquisition include having various criteria checked by way of a panel assessment.

## Community Housing Regulatory Authority

This appropriation is limited to the administration of the Community Housing Regulatory Authority.

2019 Actuals \$000	Financial performance	2020 Actuals \$000	2020 Budget \$000
	<b>Revenue</b>		
1,104	Crown	1,525	1,525
-	Departmental	28	4
<b>1,104</b>	<b>Total revenue</b>	<b>1,553</b>	<b>1,529</b>
<b>1,071</b>	<b>Total expenses</b>	<b>1,477</b>	<b>1,529</b>
<b>33</b>	<b>Net surplus</b>	<b>76</b>	<b>-</b>

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
85.7%	Application for registering of Community Housing providers are processed with 60 working days.	100% <sup>11</sup>	90%

The Community Housing Regulatory Authority continues to engage with the community housing sector, and to monitor performance to ensure community housing providers (CHPs) are viable, well-governed, and delivering appropriate housing services to their client group. In particular, the Authority acknowledges the constructive way CHPs addressed the Covid-19 pandemic, placing their tenants' needs at their heart of their response.

The Authority is also supporting new applications to grow the community housing sector, and to allow kaupapa Māori organisations to deliver housing to their communities. Around one-third of the now 55 registered CHPs are kaupapa Māori organisations.

<sup>11</sup> 10 new community housing providers (CHPs) were registered in 2019/20.

## Administering the Legacy Social Housing Fund

This appropriation is limited to the administration cost of the Legacy Social Housing Fund.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Revenue</b>		
692	Crown	600	600
<b>692</b>	<b>Total revenue</b>	<b>600</b>	<b>600</b>
<b>31</b>	<b>Total expenses</b>	<b>109</b>	<b>600</b>
<b>661</b>	<b>Net surplus/deficit</b>	<b>491</b>	<b>-</b>

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
Achieved	Effective and efficient administration of the Legacy Social Housing Fund	Achieved <sup>12</sup>	Achieved

<sup>12</sup> We effectively administered the Social Housing Fund (SHF) by: completed and provided on-going contract monitoring and reporting of 892 housing units; the remaining 110 units are being completed as part of the Barrowcliffe development approved by Cabinet in August 2018, which is anticipated to be completed within the next two financial years.

## Establishment of Kāinga Ora – Homes and Communities

This appropriation is limited to the establishment of the new housing and urban development authority: Kāinga-Ora – Homes and Communities.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Revenue</b>		
-	Crown	3,100	3,100
-	<b>Total revenue</b>	<b>3,100</b>	<b>3,100</b>
-	<b>Total expenses</b>	<b>2,831</b>	<b>3,100</b>
-	<b>Net surplus</b>	<b>269</b>	-

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
New measure for 2019/20	Establish Kāinga Ora - Homes and Communities	Achieved <sup>13</sup>	1 October 2019

<sup>13</sup> Please see page 34 for our performance story on the establishment of Kāinga Ora and the impact its establishment will have. In addition to regulatory changes to create the agency, the Ministry put in place an Establishment Board to coordinate the establishment work programme to ensure that Kāinga Ora was operational from 1 October 2019. An Establishment Unit was formed to lead delivery. We also worked closely with the existing agencies to ensure that over the establishment period momentum was maintained to deliver current development projects and ensure continued progress towards achieving the Government's housing and urban development goals.

## Capital Expenditure Permanent Legislative Authority (PLA)

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Housing and Urban Development, as authorised by section 24(1) of the *Public Finance Act 1989* (PFA).

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
873	Total expenses	2,224	1,000

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
New measure for 2019/20	Capital expenditure is in accordance with the Capital Asset Management Plan	Achieved <sup>14</sup>	Achieved

<sup>14</sup> During the year, \$2.224 million of capital expenditure was spent against a forecast amount of \$1 million. Of which \$2.073 million of the spend was in relation to fitout costs for the Ministries new leased premises at 7 Waterloo Quay. The new spend will assist the Ministry to consolidate its office into a single accommodation solution. In 2019/20 the Ministry spent more than the forecast amount of its Departmental Capital Permanent Legislative Authority (PLA). This was due to the uncertainties relating to timing of the construction of the fit-out and expected move in date of its new leased premises at 7 Waterloo Quay following the Covid-19 lockdown. This overspend is not a breach of appropriation under section 24(1) of the *Public Finance Act 1989*, as this appropriation is a PLA.

## NON-DEPARTMENTAL MULTI-CATEGORY APPROPRIATIONS (MCA)

### Community Group Housing (MCA)

The overarching purpose of this appropriation is to purchase housing services from Housing New Zealand Corporation and Community Group Housing providers to maintain the supply of tenanted Community Group Housing properties.

#### Non-departmental output expenses

Community Group Housing Market Rent Top-Up – This category is limited to the provision of funding to Housing New Zealand Corporation to pay the difference between the contracted rent with each Community Group Housing provider and market rent for the leased properties.

#### Non-departmental other expenses

Community Housing Rent Relief - This category is limited to the provision of a rent relief fund to Community Group Housing providers for the sole purpose of helping them meet their contracted rent payments.

#### Non-departmental capital expenditure

Acquisition and Improvement of Community Group Housing Properties - This category is limited to providing debt or equity to Housing New Zealand Corporation to acquire, modernise or reconfigure properties leased by Community Housing Providers.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Non-departmental output expenses</b>		
10,418	Community Group Housing Market Rent Top-Up	12,675	13,891
	<b>Non-departmental other expenses</b>		
3,078	Community Housing Rent Relief	3,606	4,104
	<b>Non-departmental capital expenditure</b>		
5,800	Acquisition and Improvement of Community Group Housing Properties	5,800	5,800
<b>19,296</b>	<b>Total expenses</b>	<b>22,081</b>	<b>23,795</b>

#### Performance information:

An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for a non-departmental output expense is less than \$5 million and a non-departmental capital expense is less than \$15 million. An exemption was also granted under s15D(2)(b)(ii) of the PFA as additional performance information is unlikely to be informative in light of the nature of the transaction or causal event giving rise to the expense.

## PUBLIC HOUSING (MCA)

The overarching purpose of this appropriation is to secure and purchase the provision of public housing and associated support services.

### Non-departmental output expenses

Purchase of Public Housing Provision – This category is limited to purchasing the provision of public housing and related services from public housing providers in accordance with reimbursement agreements or tailored agreements under the *Housing Restructuring and Tenancy Matters Act 1992*.

Services for People in Need of or at risk of Needing Public Housing – This category is limited to the provision of support services to those in need of public housing or those at risk of entering or exiting public housing.

Services Related to the Provision of Public Housing – This category is limited to the provision of services related to the provision of public housing by a public house provider.

### Non-departmental other expenses

Support for the Provision of Public Housing Supply - This category is limited to providing support to secure access to properties for public housing.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Non-departmental output expenses</b>		
734,739	Purchase of Public Housing Provision	1,071,138	1,091,258
18,012	Services for People in Need of or at risk of Needing Public Housing	33,055	37,035
750	Services Related to the Provision of Public Housing	2,835	900
	<b>Non-departmental other expenses</b>		
165	Support for the Provision of Public Housing Supply	1,760	21,900
<b>753,666</b>	<b>Total expenses</b>	<b>1,108,788</b>	<b>1,151,093</b>

### Performance information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
66,253	The number of tenancies subsidised by an income-related rent subsidy will be no less than:	68,643 <sup>15</sup>	67,600
6,309	The number of income-related rent subsidy places contracted from community housing providers will be no more than:	7,638	6,400
59,944	The number of income-related rent subsidy places contracted from Kāinga Ora will be no less than:	61,005	61,200
518	The number of contracted chronic homeless households able to be placed and supported into secure and stable accommodation under the Housing First <sup>2</sup> initiative, will be between:	1,115 <sup>16</sup>	1,300 – 1,400

<sup>15</sup> Overall the sector has delivered 68,643 public and community housing places which were supported through the income-related rent subsidy, just under the budgeted cost. This is positive performance, with 1,043 more places than anticipated being delivered, due to timing of supply, within budget as at 30 June. Please see page 51 for further detail of the work the Ministry has supported in connection to building public housing.

<sup>16</sup> Please see page 52 for a description of the Housing First Service. Delivery has been expanded, including expanding the service into 4 new areas in the period. Note: contracts for the housing first service are for a number of at least (the number of places to be delivered). The contracted figure is therefore lower than the number that our contracted partners have delivered the housing first service to. Going forward the measure shall be adjusted.

## TRANSITIONAL HOUSING (MCA)

The overarching purpose of this appropriation is to fund the delivery of transitional housing places and services in New Zealand.

### Non-departmental output expenses

Provision of Transitional Housing Places - This category is limited to supporting transitional housing providers to provide transitional housing places.

Transitional Housing Services - This category is limited to payments to transitional housing providers on a per household basis to cover tenancy and property management, and services to support tenants in transitional housing to move into sustainable housing.

### Non-departmental capital expenditure

Acquisition, Development and Construction of Transitional Housing - This category is limited to funding the acquisition, construction and development or redevelopment of land or properties for the purpose of providing transitional housing.

2019 Actuals \$000	Financial performance	2020 Actual \$000	2020 Budget \$000
	<b>Non-departmental output expenses</b>		
52,810	Provision of Transitional Housing Places	93,788	93,062
34,322	Transitional Housing Services	69,022	62,663
	<b>Non-departmental capital expenditure</b>		
13,826	Acquisition, Development and Construction of Transitional Housing	3,622	24,300
<b>100,958</b>	<b>Total expenses</b>	<b>166,432</b>	<b>180,025</b>

### Performance Information:

2018/19 Performance	Performance measure	2019/20 Performance	2019/20 Target
2,789	The number of transitional housing places in areas of demand will be between:	4,484 <sup>17</sup>	4,500 – 4,700
2,780	The total number of transitional housing places that receive associated support services will be between:	3,399	1,800 – 2,800
90	The number of transitional housing places that will be acquired, developed or constructed will be between:	30	10 – 30

The Ministry works to monitor and manage 144 contracts with 58 providers for transitional housing with MSD. There has been an increase of 1695 (60.7%) places and spend compared to last year, due to the significant increase of delivery in the period – both due to Covid-19 (see page 15-17, describing our high level delivery), and via initiatives under the Homelessness Action Plan (see page 48) which has significantly expanded delivery of transitional housing places.

In response to the Covid-19 pandemic the Ministry received an increase of \$107.6 million over 3 years to ensure people are housed until long term housing supply was made available. The funding was to contract 1,250 places, and a further 400 short-term places to reduce overcrowding situations as part of the immediate response to Covid-19.

<sup>17</sup> 4,484 places are made up of: 3,234 transitional housing places and 1,250 Covid-19 response places.

## APPROPRIATIONS EXEMPTED FROM REPORTING

Appropriation	Reasons for Exemption
<b>Exemption Under Section 15D(2)(b)(ii) of the <i>Public Finance Act 1989</i>.</b>	
KiwiSaver HomeStart Grant	Additional performance information is unlikely to be informative, because this appropriation is solely for payments of the KiwiSaver HomeStart grant under the <i>KiwiSaver Act 2006</i> .
First Home Grant	Additional performance information is unlikely to be informative because this appropriation is solely for payments of the First Home grant under the <i>KiwiSaver Act 2006</i> .
Housing Infrastructure Fund - Fair Value Write Down MYA	Additional performance information is unlikely to be informative, because the appropriation is a technical treatment of the interest concession as it is applied to loans.
Land for Housing - Deferred Settlements	Additional performance information is unlikely to be informative because the appropriation is a technical treatment of the deferred settlements associated with land sales through the Land for Housing Programme.
Kainga Ora - Homes and Communities Standby Credit Facility	Additional performance information is unlikely to be informative because the appropriation is solely for the purpose of providing credit to Kāinga Ora - Homes and Communities.
Write down and write off of Progressive Home Ownership Loans	Additional performance information is unlikely to be informative because the appropriation is a technical treatment of the interest concession as it is applied to loans provided to providers of existing schemes of Progressive Home Ownership.
Community Group Housing – Community Group Housing Market Rent Top-Up	Additional performance information is unlikely to be informative in light of the nature of the transaction or causal event giving rise to the expense.
Social Housing Provider Development	Additional performance information is unlikely to be informative because this appropriation is solely for payments to third party providers of social and/or affordable housing services.
KiwiBuild Operations	Additional performance information is unlikely to be informative because the appropriation is solely for payments of holding costs associated with KiwiBuild inventory.
<b>Exemption Under Section 15D(2)(b)(iii) of the <i>Public Finance Act 1989</i>.</b>	
Management of Crown Properties held under the <i>Housing Act 1955</i>	Amount of the annual appropriation for a non-departmental other expense is less than \$5 million.
Housing Assistance	
Financial capability services to support Pacific households into home ownership	
Social Housing Provider Development	
He Taupua - Increasing Māori Housing Provider Capability	
Local Innovations and Partnerships	
Support Services to increase home ownership	
Housing New Zealand Corporation Support Services	
Public Housing – Services Related to the Provision of Public Housing	
Community Group Housing – Community Housing Rent Relief	

Appropriation	Reasons for Exemption
Community Group Housing - Acquisition and Improvement of Community Group Housing Properties	Amount of the annual appropriation for a non-departmental capital expenditure is less than \$15 million.
Exemption due to differential reporting requirement	
KiwiBuild Housing (MYA)	Performance information for this appropriation will be reported by the Minister of Housing and Urban Development in the Vote Housing and Urban Development non-Departmental Appropriations Report.
Housing Infrastructure Funds Loans	
He Kūkū Ki Te Kāinga - Increasing Maori Housing Supply	
COVID-19 Housing Providers Operational Cost (MYA)	
Progressive Home Ownership Fund	
Kāinga Ora – Homes and Communities	Performance information for this appropriation will be reported by Kāinga Ora - Homes and Communities annual report.

# FINANCIAL STATEMENTS

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for the year ended 30 June 2020

# MINISTRY OF HOUSING AND URBAN DEVELOPMENT

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2020

Actual 2019 \$000		Note	Actual 2020 \$000	Budget* 2020 \$000	Revised Budget* 2020 \$000	Forecast* 2021 \$000
<b>Revenue</b>						
50,497	Revenue Crown		71,022	63,654	71,022	64,122
451	Other revenue	2	1,415	3,000	400	-
<b>50,948</b>	<b>Total revenue</b>		<b>72,437</b>	<b>66,654</b>	<b>71,422</b>	<b>64,122</b>
<b>Expenses</b>						
31,950	Personnel costs	3	44,987	42,600	47,379	46,135
78	Depreciation and amortisation	7,8	196	1,002	528	528
-	Loss on disposal		232	-	-	-
158	Capital charge	4	563	464	602	602
278	Restructuring costs		83	-	-	-
13,759	Other operating expenses	5	15,523	22,588	22,913	16,857
<b>46,223</b>	<b>Total expenses</b>		<b>61,584</b>	<b>66,654</b>	<b>71,422</b>	<b>64,122</b>
<b>4,725</b>	<b>Net surplus/(deficit) and total comprehensive income</b>		<b>10,853</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 16 (page 116).

The accompanying policies and notes form part of these financial statements.

# MINISTRY OF HOUSING AND URBAN DEVELOPMENT

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

Actual 2019 \$000		Note	Actual 2020 \$000	Budget*	Revised Budget* 2020 \$000	Forecast* 2021 \$000
<b>Assets</b>						
<b>Current assets</b>						
15,086	Cash and cash equivalents		26,072	5,397	14,315	9,743
1,073	Trade and other receivables	6	47	-	1,073	1,073
153	Prepayments		268	-	153	153
<b>16,312</b>	<b>Total current assets</b>		<b>26,387</b>	<b>5,397</b>	<b>15,541</b>	<b>10,969</b>
<b>Non-current assets</b>						
90	Intangible assets	8	-	1,004	80	70
705	Property, plant and equipment	7	2,593	4,099	1,187	5,769
<b>795</b>	<b>Total non-current assets</b>		<b>2,593</b>	<b>5,103</b>	<b>1,267</b>	<b>5,839</b>
<b>17,107</b>	<b>Total assets</b>		<b>28,980</b>	<b>10,500</b>	<b>16,808</b>	<b>16,808</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
4,730	Trade and other payables	9	5,645	3,761	5,256	5,256
1,189	Return of operating surplus	11	10,853	-	-	-
206	Provisions	10	95	-	206	206
1,723	Employee entitlements	12	2,620	739	1,197	1,197
<b>7,848</b>	<b>Total current liabilities</b>		<b>19,213</b>	<b>4,500</b>	<b>6,659</b>	<b>6,659</b>
<b>Non-current liabilities</b>						
-	Provisions	10	27	-	-	-
123	Employee entitlements	12	204	-	123	123
<b>123</b>	<b>Total non-current liabilities</b>		<b>231</b>	<b>-</b>	<b>123</b>	<b>123</b>
<b>7,971</b>	<b>Total liabilities</b>		<b>19,444</b>	<b>4,500</b>	<b>6,782</b>	<b>6,782</b>
<b>9,136</b>	<b>Net assets</b>		<b>9,536</b>	<b>6,000</b>	<b>10,026</b>	<b>10,026</b>
<b>Equity</b>						
9,136	Taxpayers' funds	13	9,536	6,000	10,026	10,026
<b>9,136</b>	<b>Total taxpayers' funds</b>		<b>9,536</b>	<b>6,000</b>	<b>10,026</b>	<b>10,026</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 16 (page 116).

The accompanying policies and notes form part of these financial statements.

## MINISTRY OF HOUSING AND URBAN DEVELOPMENT STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

Actual			Actual	Budget*	Revised	Forecast*
2019			2020	2020	2020	2021
\$000	Note		\$000	\$000	\$000	\$000
-	Balance as at 1 July		9,136	5,600	9,136	10,026
4,725	Total comprehensive income/(expense)		10,853	-	-	-
5,600	Capital injections		400	400	890	-
(1,189)	Repayment of operating surplus to the Crown	11	(10,853)	-	-	-
<b>9,136</b>	<b>Balance as at 30 June</b>	<b>13</b>	<b>9,536</b>	<b>6,000</b>	<b>10,026</b>	<b>10,026</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

The accompanying policies and notes form part of these financial statements.

# MINISTRY OF HOUSING AND URBAN DEVELOPMENT

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

Actual 2019 \$000		Actual 2020 \$000	Budget 2020 \$000	Revised Budget 2020 \$000	Forecast* 2021 \$000
<b>Cash flows from operating activities</b>					
50,497	Receipts from revenue Crown	71,022	53,654	71,022	64,122
-	Receipts from other revenue	1,415	3,000	-	-
(9,972)	Payments to suppliers	(14,261)	(35,250)	(22,913)	(16,857)
(30,741)	Payments to employees	(44,783)	(19,938)	(46,979)	(46,135)
(52)	Payments for capital charge	(327)	(464)	(602)	(602)
627	Goods and services tax (net)	443	(37)	-	-
<b>10,359</b>	<b>Net cash flows from operating activities</b>	<b>13,509</b>	<b>965</b>	<b>528</b>	<b>528</b>
<b>Cash flows from investing activities</b>					
(773)	Purchase of property, plant and equipment	(2,224)	(3,999)	(1,000)	(5,100)
(100)	Purchase of intangible assets	-	(1,160)	-	-
<b>(873)</b>	<b>Net cash flows from investing activities</b>	<b>(2,224)</b>	<b>(5,159)</b>	<b>(1,000)</b>	<b>(5,100)</b>
<b>Cash flows from financing activities</b>					
5,600	Capital contribution	890	-	890	-
-	Repayment of surplus to the Crown	(1,189)	-	(1,189)	-
<b>5,600</b>	<b>Net cash flows from financing activities</b>	<b>(299)</b>	<b>-</b>	<b>(299)</b>	<b>-</b>
15,086	Net increase/(decrease) in cash and cash equivalents	10,986	(4,194)	(771)	(4,572)
-	Cash and cash equivalents at the beginning of the year	15,086	9,591	15,086	14,315
<b>15,086</b>	<b>Cash at end of year</b>	<b>26,072</b>	<b>5,397</b>	<b>14,315</b>	<b>9,743</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying policies and notes form part of these financial statements.

## RECONCILIATION OF NET SURPLUS/(DEFICIT) FOR THE PERIOD WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

Actual 2019 \$000		Actual 2020 \$000
4,725	<b>Net surplus/(deficit)</b>	10,853
	<b>Add back non-cash items:</b>	
78	Depreciation and assets written off	196
(83)	Other non-cash movements	(490)
(5)	<b>Total non-cash items</b>	(294)
	<b>Add back items classified as investing activity</b>	
-	Net loss/(gain) on sale of property, plant and equipment	232
	<b>Movements in working capital</b>	
(1,226)	(Increase)/decrease in receivables and prepayments	911
4,730	Increase/(decrease) in payables	913
1,395	Increase/(decrease) in provisions	(111)
617	Increase/(decrease) in employee entitlements	897
5,516	<b>Net movements in working capital</b>	2,842
	<b>Add/(less) movements in non-current liabilities</b>	
123	Increase/(decrease) in employee entitlements	81
-	Increase/(decrease) in provisions	27
123	<b>Net movements in non-current liabilities</b>	108
10,359	<b>Net cash inflow/(outflow) from operating activities</b>	13,509

The accompanying policies and notes form part of these financial statements.

# MINISTRY OF HOUSING AND URBAN DEVELOPMENT

## STATEMENT OF COMMITMENTS

As at 30 June 2020

### Non-cancellable operating lease commitments

The Ministry leases premises in the normal course of its business. The Ministry leases two properties with non-cancellable leasing periods, one is for 12 months, and the other is for 106 months. Both leases have varying terms, escalation clauses, and renewal rights.

There are no restrictions placed on the Ministry by any of its leasing arrangements.

### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant, and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

The capital commitments recorded below relates to the construction and fit-out of our new organisation-wide premises at 7 Waterloo Quay; and all costs are expected to be incurred within the next 12 months.

Actual 2019 \$000		Actual 2020 \$000
	<b>Non-cancellable operating lease commitments</b>	
264	Not later than One Year	1,890
-	One to Two Years	1,779
-	Two to Five Years	5,306
-	Over Five Years	6,780
<b>264</b>	<b>Total non-cancellable operating lease commitments</b>	<b>15,755</b>
	<b>Capital Commitments</b>	
-	Leasehold Improvements	2,231
-	<b>Total capital commitments</b>	<b>2,231</b>
<b>264</b>	<b>Total commitments</b>	<b>17,986</b>

The accompanying policies and notes form part of these financial statements.

# MINISTRY OF HOUSING AND URBAN DEVELOPMENT STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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As at 30 June 2020

## **Contingent liabilities**

The Ministry has no quantifiable or unquantifiable contingent liabilities (2019: nil).

## **Contingent assets**

The Ministry has no quantifiable or unquantifiable contingent assets (2019: nil).

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The accompanying policies and notes form part of these financial statements.

# MINISTRY OF HOUSING AND URBAN DEVELOPMENT

## NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS

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### 1. STATEMENT OF ACCOUNTING POLICIES

#### Reporting entity

The Ministry of Housing and Urban Development (the Ministry) is a government department as defined by section 2 of the *Public Finance Act 1989* (PFA) and is domiciled and operates in New Zealand. The Ministry's ultimate parent is the New Zealand Crown.

The Ministry reports on the Crown activities it administers in the non-departmental statements and schedules on pages 118 to 129.

The primary objective of the Ministry is to provide leadership across agencies to coordinate the social, economic and environmental aspects of housing and urban development. We are responsible for delivering the Government's housing and urban development programme to end homelessness, make room for growth in our urban centres, and help create thriving communities. Accordingly, we are designated as a public benefit entity for the purposes of Public Benefit Entity (PBE) accounting standards.

These financial statements of the Ministry are for the period ended 30 June 2020. The financial statements were authorised for issue by the Chief Executive on 14 October 2020.

#### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the PFA, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and Treasury Instructions.

These financial statements have been prepared in accordance with Tier 1 New Zealand Public Benefit Entity (PBE) accounting standards and International Public Sector accounting standards (IPSAS).

The financial statements comply with PBE accounting standards. The accounting policies set out below have been complied with consistently to all periods presented in the financial statements.

#### Measurement base

The financial statements have been prepared on a historical cost basis, modified by actuarial valuations of certain liabilities, and the fair value of certain financial liabilities.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of the Ministry is New Zealand dollars.

**Changes in accounting policies**

There have been no changes in accounting policies since the date of the last audited financial statements.

**Standards issued and not yet effective**

We have completed a review of potential Standards issued and not yet effective and determined that there are none that require disclosure.

**Critical judgements and estimates**

The preparation of financial statements in conformity with PBE accounting standards requires judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

**Long service leave**

The Ministry calculates its long service leave using Treasury discounts and salary inflation rates to estimate the present value of long service leave liabilities.

The calculations are based on the likely future entitlements accruing to staff, based on years of service, years of entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and the present value of the estimated future cash flows.

Note 12 (on page 112–113) provides an analysis of the exposure in relation to estimates and uncertainties surrounding sick and long service leave liabilities.

**Intangible assets, and property, plant and equipment useful lives and residual values**

At each balance date, the Ministry reviews appropriateness of the useful lives and residual values of its intangible assets and property, plant and equipment. In making the assessment in respect of each asset the Ministry needs to consider a number of factors such as its condition, expected period of use by the Ministry and expected disposal proceeds from its future sale. An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Comprehensive Revenue and Expenses and carrying amount of the asset in the Statement of Financial Position. The Ministry minimises the risk of this estimation uncertainty by physical inspection of property, plant and equipment, and technological changes.

There are no other judgements that are deemed to be significant to these financial statements.

## SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### Budget and forecast figures

The 30 June 2021 forecast figures have been prepared in accordance with PBE FRS 42 *Prospective Financial Statements* and comply with PBE FRS 42.

The forecast financial statements were authorised for issue by the Chief Executive on 14 April 2020. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

The 2020 budget figures are for the year ended 30 June 2020 and were published in the 2018/19 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 30 June 2020.

The revised budget figures are those included in the Addition to the Supplementary Estimates of Appropriations (Budget) for the year ending 30 June 2020.

The forecast figures are those included in the Estimates of Appropriations for the year ending 30 June 2021 (the Forecast is 2020 Budget Economic and Fiscal Update (BEFU 2020) out-year 1 figures).

The budget and forecast figures are unaudited and have been prepared in accordance with the requirements of the *Public Finance Act 1989* and comply with Tier 1 PBE accounting standards and other applicable financial reporting standards, as appropriate for public benefit entities. They are to be used in the future for reporting historical general-purpose financial statements.

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the year 2020/21. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2020/21 actual financial statements include changes to the baseline forecast through new initiatives, or technical adjustments.

### Significant assumptions – forecast figures

The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time BEFU 2020 was finalised.

The main assumptions were as follows:

- the Ministry's activities will remain substantially the same as outlined in the Strategic Intentions 2019-2023 focusing on the Government's priorities of:
  - ending homelessness, supported by additional investment in transitional housing and Housing First;
  - increasing public housing supply;
  - progressing the Urban Growth Agenda, to drive changes to the urban land and infrastructure planning systems;
  - building affordable housing through KiwiBuild, to support the creation of thriving, sustainable communities that provide housing choices to meet a wide range of needs;
  - establishing an urban development agency with the appropriate tools, so New Zealand cities can make room for growth;
  - modernising the residential tenancy rules to enable greater security of tenure and better reflect the contemporary housing market;
  - achieving equitable housing outcomes for Māori and other groups with poor housing outcomes, with an immediate focus on addressing barriers to building on Māori land, ensuring Māori benefit from KiwiBuild, and improving rural and substandard housing;
  - managing demand for housing through changes to tax settings and rules on foreign ownership of residential property;

- remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes; and
- operating costs are based on historical experience of legacy agencies and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred.

## Revenue

### *Revenue – Non-exchange transactions*

#### **Revenue Crown**

Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriations Act for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limit of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

The total amount of Revenue Crown is non-exchange.

### *Revenue – Exchange transactions*

#### **Other revenue**

Revenue earned in exchange for the provision of outputs (products and services) to third parties, is recorded as operating revenue.

Revenue from the supply of services is measured at the fair value of consideration received, recognised on a straight-line basis over the specified period for the services.

Revenue is measured at the fair value of consideration received or receivable.

## Expenditure

Expenses are recognised in the period to which they relate.

### **Foreign currency transactions**

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the date of the transactions.

### **Capital charge**

The capital charge is recognised as an expense in the period to which the charge relates.

### **Operating leases**

The Ministry leases office premises. As all the risks and benefits of the ownership are substantially retained by the lessor, these leases are classified as operating leases.

Payments made under operating leases are charged in equal instalments over the accounting periods covered by the lease term, except in those circumstances where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

### **Cash and cash equivalents**

Cash includes cash on hand and funds in the current accounts on deposit with banks.

The Ministry is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

### Trade and other receivables

Receivables are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method. Receivables are not discounted due to the short-term nature of the balance.

A receivable is considered impaired when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount to be collected. Impairment losses are recognised in the Statement of Comprehensive Revenue and Expenses.

### Property, plant and equipment

Property, plant and equipment consists of furniture and office equipment, and computer hardware. Property, plant and equipment is shown at cost less accumulated depreciation and impairment losses.

Individual assets are capitalised if their cost is greater than \$5,000.

#### *Additions*

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Where an asset is acquired at nil or nominal cost, it is initially recognised at fair value with a corresponding gain to the Statement of Comprehensive Revenue and Expenses.

#### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Revenue and Expenses.

#### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured benefits reliably.

The cost of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expenses in the period which they have been incurred.

#### *Depreciation*

Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than work in progress, at rates that will write down the cost of the asset to its estimated residual values over its useful life.

The estimated useful lives of major classes of assets are as follows:

Type of asset	Estimated life
Computer hardware	3 years
Plant and equipment	5 to 10 years
Furniture and fittings	5 years
Lease hold improvements	9 to 10 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

### Impairment

#### *Non cash-generating assets*

Property, plant and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment at each balance date whenever events or changes in circumstances indicate that 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 its value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable service amount.

The total impairment loss and reversal of previously recognised impairments are recognised in the Statement of Comprehensive Revenue and Expenses.

### **Intangible assets**

#### *Software acquisition and development*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset.

Subsequent to recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment.

Staff training, and on-going software maintenance costs are recognised as an expense in the period they are incurred.

#### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Revenue and Expenses.

### **Payables**

Payables are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method. Payables are not discounted due to the short-term nature of the balance.

### **Income tax**

Government departments are exempt from income tax. Accordingly, no charge for income tax has been provided for.

### **Goods and services tax (GST)**

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Employee entitlements**

#### **Short-term employee entitlements**

Current employee entitlements are measured at nominal values based on accrued entitlements at current pay rates. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date; long service leave entitlement expected to be settled within 12 months.

The Ministry recognises a liability for sick leave to the extent absences in the coming year are expected to be greater than sick leave entitlements earned in the coming year. The amount is calculated based on unused sick leave entitlements that can be carried forward at balance date, to the extent the Ministry anticipates they will be used by staff to cover future absences.

### Long-term employee entitlements

Non-current employee entitlements such as long service leave is calculated on an actuarial basis. The calculation is based on:

- likely future entitlements accruing to staff, based on years of service, years of entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- the present value of the estimated future cash flows.

The discount rate is based on rates supplied by the Treasury. The inflation factor is based on the expected long-term increase in remuneration for employees.

	2020	2019
Long term discount rate	4.30%	4.30%
Salary inflation rate	2.72%	2.92%

### *Presentation of employee entitlements*

Sick leave, annual leave, vested and non-vested long service leave expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Superannuation schemes

#### *Defined contribution schemes*

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver, the Government Superannuation Fund and Individual Retirement Plan (formerly Global Retirement Trust) are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Revenue and Expenses as incurred.

### Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through the surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

### Provisions

A provision is recognised when the Ministry has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

#### Lease make-good provision

In respect of the lease of 7 Waterloo Quay, the Ministry is required at the expiry of the lease term to make-good any damage caused to the premises and to remove any fixtures or fittings installed by the Ministry. The Ministry has the option to renew this lease, which affects the timing of the expected cash outflows to make-good the premises.

### Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation has already commenced.

### Taxpayers' funds

Taxpayers' funds comprise the Crown's investment in the Ministry. These are measured as the difference between total assets and liabilities.

### Cost allocation accounting policies

The Ministry has determined the cost of outputs using the cost allocation system outlined below:

- costs that are directly related to an output are coded directly to that output; and
- costs that are not directly related to a single output are allocated to outputs based on full time equivalent staff (including contractors) as a cost driver.

### Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

### Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are disclosed at the point the contingency is evident.

## 2. Other revenue

Actual 2019 \$000		Actual 2020 \$000
	<b>Other revenue</b>	
451	Revenue from departments	1,415
<b>451</b>	<b>Total other revenue</b>	<b>1,415</b>

Other revenue is derived from mostly exchange revenue.

## 3. Personnel costs

Actual 2019 \$000		Actual 2020 \$000
20,728	Salaries and wages	34,777
8,639	Contract employees	8,470
543	Contributions to defined contribution and benefit schemes	963
705	Other personnel expenses	652
20	ACC employer	27
1,315	Increase/(decrease) in employee entitlements	98
<b>31,950</b>	<b>Total personnel costs</b>	<b>44,987</b>

Employer contributions to defined contribution schemes include contributions to the State Sector Retirement Savings Scheme, Kiwisaver, Government Superannuation Fund and Individual Retirement Plan (formerly Global Retirement Trust).

## 4. Capital charge

The Department pays a capital charge to the Crown based on its taxpayers' funds excluding any memorandum accounts as at 30 June of the previous financial year and 31 December of the current financial year. The capital charge rate for the year ended 30 June 2020 was 6.0% (2019: 6.0%).

## 5. Other operating expenses

Actual 2019 \$000		Actual 2020 \$000
232	Audit fees	210
2,260	Consultancy fees	1,145
1,140	Leasing and renting costs	1,130
1,729	Legal fees	1,886
360	Subscriptions	260
4,553	Other operating costs	3,494
2,151	Professional services	5,126
1,334	Computer operating costs	2,272
<b>13,759</b>	<b>Total other operating expenses</b>	<b>15,523</b>

## 6. Trade and other receivables

Actual 2019 \$000		Actual 2020 \$000
1,001	Receivables from departments	-
72	Receivables from third parties	47
-	Less: provision for doubtful debts	-
<b>1,073</b>	<b>Total trade and other receivables</b>	<b>47</b>

All debtors are non-interest bearing, are from exchange revenue (other than monies receivable from the Crown) and are normally settled on the 20th of the month following the date of invoice unless specific legislative terms apply; therefore, the carrying value of trade and other receivables approximates their fair value due to their short-term nature.

The above receivables all measured at fair value upon initial recognition in accordance with IFRS 9 *Financial Instruments*. They are subsequently remeasured at amortised cost using the effective interest rate method.

Those specific debtors that are insolvent are fully provided for. As at 30 June 2020, the Ministry has identified no debtors that are insolvent. Receivables from other Government departments are nil as at 30 June 2020 (2019: 93%). We would expect that the future cashflows associated with these receivables are certain. There is minimal uncertainty associated with our third-party receivables, and we would expect that the full amount would be received.

Concentration of receivables is with the Crown and therefore the Ministry has no significant exposure to credit risk. The Ministry has a policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Risk limits are set for each individual customer; these risk limits are regularly monitored. In addition, receivable balances are monitored on an on-going basis, with the result that the Ministry's exposure to bad debts is not significant.

As at 30 June 2020, all overdue receivables have been assessed for impairment and no provisions have been applied.

## 7. Property, plant and equipment

	Computer Hardware \$000	Plant and Equipment \$000	Furniture and Fittings \$000	Leasehold Improvements \$000	Actual \$000
<b>Cost or valuation</b>					
Balance as at 1 October 2018	-	-	-	-	-
Additions	658	9	106	-	773
<b>Balance as at 30 June 2019</b>	<b>658</b>	<b>9</b>	<b>106</b>	<b>-</b>	<b>773</b>
Additions	134	-	17	2,073	2,224
Disposals	(35)	(9)	(106)	-	(150)
<b>Balance as at 30 June 2020</b>	<b>757</b>	<b>-</b>	<b>17</b>	<b>2,073</b>	<b>2,847</b>
<b>Accumulated depreciation</b>					
Balance as at 1 October 2018	-	-	-	-	-
Depreciation charge for the period	62	1	5	-	68
<b>Balance as at 30 June 2019</b>	<b>62</b>	<b>1</b>	<b>5</b>	<b>-</b>	<b>68</b>
<b>Depreciation charge for the period</b>	<b>193</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>196</b>
Eliminate on disposal	(4)	(1)	(5)	-	(10)
<b>Balance as at 30 June 2020</b>	<b>251</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>254</b>
<b>Carrying amounts</b>					
<b>As at 30 June 2019</b>	<b>596</b>	<b>8</b>	<b>101</b>	<b>-</b>	<b>705</b>
<b>As at 30 June 2020</b>	<b>506</b>	<b>-</b>	<b>14</b>	<b>2,073</b>	<b>2,593</b>

### Work in progress

Work in Progress totalling \$2.103 million comprises of \$2.073 million of leasehold improvements and \$29,598 of computer hardware (2019: nil).

### Impairment

There has been no impairment to property, plant and equipment during the financial year.

**8. Intangible assets**

<b>Cost</b>	<b>Actual \$000</b>
Balance at 1 October 2018	-
Additions	100
<b>Balance at 30 June 2019</b>	<b>100</b>
Disposals	(100)
<b>Balance at 30 June 2020</b>	<b>-</b>
<b><i>Amortisation and impairment losses</i></b>	
Balance at 1 October 2018	-
Amortisation expense	10
<b>Balance at 30 June 2019</b>	<b>10</b>
Eliminate on disposal	(10)
<b>Balance at 30 June 2020</b>	<b>-</b>
<b>Carrying amounts</b>	
<b>As at 1 July 2019</b>	<b>90</b>
<b>As at 30 June 2020</b>	<b>-</b>

**Impairment**

There has been no impairment to intangible assets during the financial year.

## 9. Trade and other payables

Actual 2019 \$000		Actual 2020 \$000
	<i>Payables under exchange transactions</i>	
4,103	Trade and accrued expenses	4,575
	<i>Payables under non-exchange transactions</i>	
627	GST, FBT and PAYE payable	1,070
<b>4,730</b>	<b>Total trade and other payables</b>	<b>5,645</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

The above payables all measured at fair value upon initial recognition in accordance with PBE IFRS 9 *Financial Instruments*. They are subsequently remeasured at amortised cost using the effective interest rate method.

## 10. Provisions

Actual 2019 \$000	Restructuring \$000	Make-Good \$000	Actual 2020 \$000
<b>Current</b>			
-	206	-	206
206	83	12	95
-	(166)	-	(166)
-	(40)	-	(40)
<b>206</b>	<b>83</b>	<b>12</b>	<b>95</b>
<b>Non-current</b>			
-	-	-	-
-	-	27	27
-	-	<b>27</b>	<b>27</b>
<b>206</b>	<b>83</b>	<b>39</b>	<b>122</b>

### *Restructuring*

The Ministry had recognised a restructuring provision at 30 June 2020 of \$83,000, which was announced in 17 June 2020 and is expected that if these provisions crystallise they will be paid in August 2020 and April 2021.

### *Lease Make-Good Provision*

In respect of a number of its leased premises, the Ministry is required at the expiry of the lease term to make-good any damage caused to the premises and to remove any fixtures or fittings installed by the Ministry.

The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in July 2020.

**11. Return of operating surplus**

Actual 2019 \$000		Actual 2020 \$000
4,725	Net surplus/(deficit)	10,853
(3,536)	Less retention of underspends	-
<b>1,189</b>	<b>Total return of operating surplus</b>	<b>10,853</b>

The return of any surplus to the Crown is required to be paid by 31 October of each year.

**12. Employee entitlements**

Actual 2019 \$000		Actual 2020 \$000
<b>Current portion:</b>		
526	Salary and wages	616
1,149	Annual leave	1,898
43	Long service leave	54
5	Sick leave	52
<b>1,723</b>	<b>Total current employee benefits</b>	<b>2,620</b>
<b>Non-current portion:</b>		
123	Long service leave	204
<b>123</b>	<b>Total non-current employee benefits</b>	<b>204</b>
<b>1,846</b>	<b>Total employee entitlements</b>	<b>2,824</b>

Long service leave is a long-term compensated absence. The liabilities represent the value of the accrued portion of entitlements that will arise in the future in accordance with certain economic and demographic assumptions made. The liability takes into account the value of all future benefits, not just the value of the next one to occur.

It is assumed that leave is taken as soon as the relevant anniversary is reached.

For each employee, the liabilities are calculated as follows:

- determine the amount of the benefit that would be paid if the employee remains in service to each future milestone date, including allowance for future salary increases.
- incorporate the probability that the entitlement will be paid i.e. that the employee will remain in service to that point.
- discount the amount of the projected payment to the valuation date
- assume the entitlement accrues evenly over the time from "start date" to the date of payment.

Employee entitlements, expected to be settled within 12 months of balance date, are measured at nominal values based on accrued entitlements at current rates of pay.

Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash flows. A long-term discount rate of 4.30% (2019: 4.30%) has been applied and a salary inflation factor of 2.72% (2019: 2.92%) was used. The discount rates and salary inflation factor used are those advised by the Treasury.

We have determined that the liability as at 30 June 2020 in respect of long service leave benefits is \$258,717.

The liability calculated represents the value of the accrued portion of entitlements that will arise in the future in accordance with the assumptions made plus the face value of outstanding leave as at 30 June 2020.

#### *Sensitivities*

The valuation of the liabilities is based on certain assumptions as to future experience. While the assumptions have been selected as best estimates of future experience, it can be useful to know how the results would vary if different assumptions were applied.

We have recalculated the accrued liabilities after varying the valuation assumptions. Each assumption was varied in isolation, the changes are not cumulative. It should not be assumed that the particular variations we have made in each assumption are equally likely to occur.

Assumptions	Liability \$000	Effect of change \$000
Best estimate	259	
Salary increases + 1%	274	15
Salary increases - 1%	245	(14)
Discount rates + 1%	245	(14)
Discount rates - 1%	274	15
Withdrawal rates x 1.2	231	(28)
Withdrawal rates x 0.8	293	34

### 13. Equity

Actual 2019 \$000		Actual 2020 \$000
	<b>Taxpayers' funds</b>	
	- Opening balance	9,136
4,725	Net surplus/(deficit)	10,853
(1,189)	Return of operating surplus to the Crown	(10,853)
5,600	Capital contribution from the Crown	890
	- Capital withdrawal to the Crown	(490)
<b>9,136</b>	<b>Total equity as at 30 June</b>	<b>9,536</b>

## 14. Related party information

### Identity of related parties

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the role of the Ministry, as well as being a major source of revenue.

The Ministry enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises. These related party transactions are not disclosed, as they occur in a normal client/supplier relationship on an arm's length basis.

The Ministry also provides non-cash benefits to staff in addition to their salaries and contributes to post-employment defined contribution schemes and defined benefit schemes on their behalf.

Aside from these transactions, the Ministry has not entered into any other related party transactions.

### Key management personnel remuneration

Key management personnel are the members of the Executive Leadership Team. The Executive Leadership Team consists of the Chief Executive and 9 Deputy Chief Executives. The Chief Executive's remuneration and other benefits are determined and paid by the State Services Commission.

Actual 2019 \$000		Actual 2020 \$000
1,989	Salaries and other short-term employee benefits	2,762
6.3	Full-time equivalent members	8.2

Key management personnel compensation excludes the remuneration and other benefits of the Responsible Ministers of the Ministry. The Minister's remuneration and other benefits are determined by the Remuneration Authority under the *Member of Parliament (Remuneration and Services) Act 2013* and are paid under Permanent Legislative Authority, and not paid by the Ministry.

## 15. Financial instrument risks

The Ministry is party to financial instrument arrangements (and exposure to credit, interest rate and currency risks) as part of its everyday operations. These include instruments such as bank balances, accounts receivable and accounts payable.

### Credit risk

Credit risk is the risk that a third party will default on its obligations causing the Ministry to incur a loss. In the normal course of our business, the Ministry incurs credit risk from trade debtors and transactions with financial institutions.

The Ministry does not require any collateral or security to support financial instruments with financial institutions that we deal with, as these entities have high credit ratings. For its other financial instruments, the Ministry has a concentration of credit with the Crown and therefore is exposed to minimal credit risk.

The Ministry is permitted to deposit funds only with Westpac (a Standard & Poor's credit rating of AA-), a registered bank. This entity has a high credit rating.

At 30 June 2020, there were no significant other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. Refer to Note 6 for a breakdown of the receivables balance.

### Fair value

The fair value of financial instruments with a remaining life of less than one year is equivalent to the carrying amount disclosed in the Statement of Financial Position.

### Market risk

An assessment has been completed at 30 June 2020 and the Ministry does not have any exposure to price risk or credit risk.

The Ministry has no assets or liabilities that are denominated in foreign currency at balance date.

### Interest rate risk

Interest rate risk is the risk the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. The Ministry has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.

### Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

The Ministry has no significant exposure to liquidity risk on its financial instruments.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office.

The Ministry maintains a target level of available cash to meet liquidity requirements. The table below analyses the Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cashflows.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
<b>2019</b>				
Receivables (see note 6)	1,073	-	-	-
Payables (see note 9)	4,103	-	-	-
<b>2020</b>				
Receivables (see note 6)	47	-	-	-
Payables (see note 9)	4,575	-	-	-

The carrying amounts of financial assets and financial liabilities in each of the PBE IFRS 9 *Financial Instrument* categories are as follows:

Actual 2019 \$000		Note	Actual 2020 \$000
	<b>Financial assets measured at amortised cost</b>		
15,086	Cash and cash equivalents		26,072
1,073	Receivables	6	47
<b>16,159</b>	<b>Total</b>		<b>26,119</b>
	<b>Financial liabilities measured at amortised cost</b>		
4,103	Payables	9	4,575
<b>4,103</b>	<b>Total</b>		<b>4,575</b>

### Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets;
- valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable
- valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

In 2019/20 there were no instruments recognised at fair value in the Statement of Financial Position.

### Estimation of fair values analysis

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

### Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

## 16. Explanation of major variance against budget

### Other operating expenses

Other operating costs were under budget by \$7.4 million. This underspend is related to demand driven expenditure in the KiwiBuild Unit, which was \$7.3 million less than anticipated.

### Cash and cash equivalents

Cash and Cash Equivalents were over budget by \$11.7 million as the Ministry has incurred less than anticipated expenditure. The surplus cash remains with HUD until it is required to be returned to the Crown by or on 31 October 2020. Until then, it forms part of the Return of Operating Surplus.

## 17. Capital management

The Ministry's capital is its equity, which comprise of Taxpayers' Funds. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with government budget processes, Treasury instructions and the *Public Finance Act 1989*.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves the goals and objectives for which have been established, whilst remaining a going concern.

## 18. Transfer of KiwiBuild operations

*Kāinga Ora - Homes and Communities Act* received Royal Assent on 23 September 2019 which consolidated Housing New Zealand, its subsidiary HLC and parts of the KiwiBuild Unit which sat operationally with the Ministry of Housing and Urban Development (HUD) until the 30 September 2019. Following the enactment of the Bill, Kāinga Ora was established on 1 October 2019, at this time the KiwiBuild operations for Buy off the Plans (BOTP) and Land for Housing Programme was split, with the BOTP operations being transferred from

the HUD to Kāinga Ora Homes and Communities and the Land for Housing Programme remaining at HUD. However, the transfer of the BOTP operations within the Departmental financial statements is considered immaterial.

### **19. COVID-19 impacts**

The Ministries IT infrastructure set up, using modern technology cloud-based solutions, enabled staff to easily work from home with little disruption. Due to the urgency in finding safe accommodation for our most vulnerable New Zealanders through the COVID-19 pandemic, especially targeting people living rough or in accommodation where social distancing was not possible, the Ministry had delivered more services at a faster pace.

The Ministry reviews its significant judgements and estimates annually, at 30 June 2020 the Ministry assessed the potential impacts on its financial statements as a result of COVID-19. The Ministry concludes that other than additional emergency funding it had received, there were no impacts on the Ministries financial statements. Mainly because it does not hold assets which require revaluation and no provisions for bad debts or write-offs were necessary. In addition, Treasury's had reviewed its discount rate model and there were no changes in the market to cause discount rates to change significantly.

### **20. Events after balance date**

There are no significant events after balance date.

# NON- DEPARTMENTAL STATEMENTS AND SCHEDULES

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for the year ended 30 June 2020

## TGA KORERO ME NGA MAHI KORE-TARI NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

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For the period ended 30 June 2020

The following non-departmental statements and schedules record the revenue, capital receipts, expenses, assets, liabilities, commitments, contingent assets and contingent liabilities that the Ministry manages on behalf of the Crown.

For full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2020.

## SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the year ended 30 June 2020

Actual 2019 \$000		Actual 2020 \$000	Budget* 2020 \$000
<b>Operating revenue</b>			
14,644	KiwiBuild property sales	78,428	110,380
-	Other revenue	622	-
33,529	Gain on non-current asset held for sale	-	-
<b>48,173</b>	<b>Total non-departmental revenue</b>	<b>79,050</b>	<b>110,380</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

## SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2020

Actual 2019 \$000		Actual 2020 \$000	Budget* 2020 \$000
753,666	Public housing	1,108,788	1,151,093
5,474	KiwiBuild expenses	120,701	229,609
87,132	Transitional housing	162,810	155,725
61,856	KiwiSaver HomeStart Grants	78,022	90,020
68,702	Other operating expenses	38,121	120,783
16,250	GST input expense	29,489	27,288
<b>993,080</b>	<b>Total non-departmental operating expenses</b>	<b>1,537,931</b>	<b>1,774,518</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 2.

The accompanying policies and notes form part of the non-departmental schedules.

## SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2020

Actual 2019 \$000		Note	Actual 2020 \$000	Budget* 2020 \$000
<b>Assets</b>				
<b>Current assets</b>				
439,298	Cash and cash equivalents		250,872	100,000
64,170	Prepayments		84,965	62,030
4,138	Trade and other receivables	3	36,287	27,379
274,076	Inventory	5	271,800	352,612
<b>781,682</b>	<b>Total current assets</b>		<b>643,924</b>	<b>542,021</b>
<b>Non-current assets</b>				
9,349	Investment in Crown Entity		10,805	13,873
<b>9,349</b>	<b>Total non-current assets</b>		<b>10,805</b>	<b>13,873</b>
<b>791,031</b>	<b>Total non-departmental assets</b>		<b>654,729</b>	<b>555,894</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

The Ministry monitors a Crown entity, namely Kāinga Ora – Homes and Communities (previously known as Housing New Zealand Corporation). The Crown's investment in the entity is consolidated in the Financial Statements of the Government on a line-by-line basis. The net investment in this entity is included in this schedule.

The accompanying policies and notes form part of the non-departmental schedules.

## SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2020

Actual 2019 \$000		Note	Actual 2020 \$000	Budget* 2020 \$000
	<b>Current liabilities</b>			
170,527	Trade and other payables	4	221,415	171,356
-	Deferred revenue		2,167	-
<b>170,527</b>	<b>Total liabilities</b>		<b>223,582</b>	<b>171,356</b>

\*The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are provided in note 2

The accompanying policies and notes form part of the non-departmental schedules.

## SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2020

The Ministry, on behalf of the Crown, has the following commitments:

Actual 2019 \$000		Actual 2020 \$000
<b>Non-cancellable operating lease commitments</b>		
17,011	Not later than 1 year	15,208
8,603	Later than 1 year and not later than 5 years	14,063
-	Later than five years	3,456
<b>25,614</b>	<b>Total non-cancellable operating lease commitments</b>	<b>32,727</b>

### Capital commitments

There are no capital commitments as at 30 June 2020 (2019: nil).

## SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2020

### Contingent liabilities

The Ministry, on behalf of the Crown, had no contingent liabilities (2019: nil).

### Contingent assets

The Ministry, on behalf of the Crown, had no contingent assets (2019: nil).

The accompanying policies and notes form part of the non-departmental schedules.

# NOTES TO THE NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

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## 1. Statement of accounting policies

### Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by the Ministry on behalf of the Crown.

The non-departmental balances are consolidated into the Financial Statements of the Government and therefore, for a complete understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government for the year ended 30 June 2020.

### Basis of preparation

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Benefit Entity (PBE) Accounting Standards) as appropriate for public benefit entities.

These non-departmental statements and schedules are prepared in accordance with Tier 1 PBE Accounting Standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of the Ministry of Housing and Urban Development is New Zealand dollars.

### Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements.

### Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these schedules.

### Revenue

#### *Exchange revenue*

The Ministry holds inventories on behalf of the KiwiBuild programme delivery channels. These inventories are held for distribution on a commercial basis and are valued at the lower of cost and net realisable value.

#### **Revenue from sales of land not designated for KiwiBuild properties**

Revenue is measured at the fair value of consideration received and receivable. Exchange revenue is comprised mainly of sales of KiwiBuild land and dwellings which are recognised at the point where all the conditions of the sale have been satisfied.

For land not designated for KiwiBuild first home buyers, revenue is recognised at the time the title transfers to the developer as this is when all conditions have been met.

### Revenue from sales of land designated for KiwiBuild properties

Revenue is measured at the fair value of consideration received and receivable. Exchange revenue is comprised mainly of KiwiBuild land and dwellings which are recognised at the point where all the conditions of the sale have been satisfied. For land designated for KiwiBuild properties the final condition is the act of on selling a KiwiBuild property to a first home buyer, only then can the land be recognised as revenue.

### Expenditure

Expenses are recognised in the period to which they relate.

### Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received. The Ministry's non-discretionary grants have no substantive conditions (i.e. use for restricted purposes or repay).

### Leases

As part of delivering Public Housing activity the Crown enters into arrangements with Community Housing Providers for long term arrangements to use properties for public housing purposes and are deemed to be operating leases under PBE IPSAS 13 *Leases* as they are cancellable and contingent on future events.

The payment to Community Housing providers is made up of Income Related Rent subsidy which have been deemed to be contingent rents as the future obligating event is the property been occupied by a suitable tenant and therefore are not included in the calculation of the Minimum Lease Payments within PBE IPSAS 13.

In addition, the contracts do not include any right to purchase the properties upon completion of the contract terms.

The Development Contributions paid to the Community Housing provider in certain circumstances have been recognised as prepayments and are to be amortised over the life of the contract beginning on the date the property is first tenanted.

### Goods and Services Tax (GST)

All items in the Financial Statements, including Appropriation Statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government Financial Statements.

### Trade and other receivables

Trade and other receivables are measured at fair value on initial recognition, and subsequently at amortised cost less any provision for impairment.

Impairment of a receivable is established where there is objective evidence that the Crown will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into insolvency, bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted using the Treasury discount rates. The carrying amount is reduced through the use of a provision for doubtful debts account, and the amount of the loss is recognised in the Schedule of non-Departmental Expenses. When a debt is uncollectable, it is written off against the provision for doubtful debts. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

### Payables

Payables are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method. Payables are not discounted due to the short-term nature of the balance.

**Inventory**

They are deemed current assets on the basis that they are anticipated to be bought and sold within 12 months.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the year of the write-down.

**Provisions**

A provision is recognised when the Crown has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are not recognised for future operating losses.

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market rates and, where appropriate, the risks specific to the liability.

**Commitments**

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

**Budget figures***Basis of the budget figures*

The budget figures are for the year ended 30 June 2020 and are consistent with the financial information in the Addition to the Supplementary Estimates.

**Critical accounting estimates and assumptions**

No significant accounting estimates or assumptions were required in preparing these statements.

**Critical judgements in applying the Ministry's accounting policies**

No significant judgements were required in applying the Ministry's accounting policies.

**2. Explanation of Major Variance Against Budget**

Explanations for major variance from the Non-departmental budget figures are as follows:

**Public housing expenses**

Underspends in Public Housing relate to demand driven activities in this area. There was a \$20.1m underspend against 'Purchase of Public Housing Provision' which is for payments of Income Related Rent Subsidy and is dependent on a range of tenant related factors. The remaining underspend relates to 'Support for the Provision of Public Housing Supply' (total underspend also of \$20.1m). This is also demand driven and relates to providing support to secure access to properties for public housing providers to use for public housing.

**KiwiBuild expenses**

This underspend relates to less purchases of properties than was initially anticipated. An underspend of \$51.7 million exists against the KiwiBuild Housing MYA (based on actual properties purchased). A total of \$6.5m has also been underspent against KiwiBuild Operations (as this spend relates to holding and other costs associated with inventory).

**Other operating expenses**

This variance relates to underspends in various outputs across the non-departmental accounts. The movement largely relates to underspends in: HIF loan Fair Value write off (\$30.0 million underspend – due to the delay in signing of two loans), COVID 19 operating costs (\$8.8 million underspend – COVID spend across two years is \$10 million total), and Progressive Home Ownership Loan Fair Value write off (\$6.9 million underspend – due to the delays on the signing of loans). These underspends are all timing related.

## Inventory

The original inventory forecast anticipated the purchase of three additional parcels of land, however due to timing, the actual purchases did not eventuate as expected.

### 3. Trade and other receivables

Actual 2019 \$000		Actual 2020 \$000
4,138	Debtors from non-related parties	14,590
-	Accrued revenue	21,697
-	Less: provision for doubtful debts	-
<b>4,138</b>	<b>Total trade and other receivables</b>	<b>36,287</b>

#### Movements in the provision for doubtful debts are as follows:

Actual 2019 \$000		Actual 2020 \$000
-	Balance as at 1 July	-
-	Net additional provisions made/reversed during the year	-
-	<b>Balance as at 30 June</b>	-

The above receivables all measured at fair value upon initial recognition in accordance with PBE IFRS 9.

Debtors are shown net of provision for doubtful debts, which was nil in the current year. The carrying value of debtors and other receivables approximates their fair value.

### 4. Trade and other payables

Actual 2019 \$000		Actual 2020 \$000
170,527	Trade payables and accrued expenses	221,415
<b>170,527</b>	<b>Total payables</b>	<b>221,415</b>

Trade payables and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of trade and other payables approximates their fair value.

The above payables all measured at fair value upon initial recognition in accordance with PBE IFRS 9.

## 5. Inventory

Actual 2019 \$000		Actual 2020 \$000
250,239	Land intended for sale	271,800
23,837	Dwellings	-
<b>274,076</b>	<b>Total inventory</b>	<b>271,800</b>

The Ministry has acquired development sites, all of which have been gazetted under section 2A of the *Housing Act 1955* for the relevant financial year. No inventories are pledged as security for liabilities.

There were no write-downs of inventories during the year nor have there been any reversals of write-downs.

The total amount of inventories recognised as an expense during the period was \$58.8 million (2019: \$14.6 million).

## 6. Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the PBE IFRS 9 categories are as follows:

Actual 2019 \$000		Note	Actual 2020 \$000
<b>Financial assets measured at amortised cost</b>			
439,298	Cash and cash equivalents		250,872
4,138	Trade and other receivables	3	14,590
<b>443,436</b>	<b>Total</b>		<b>265,462</b>
<b>Financial liabilities measured at amortised cost</b>			
170,527	Trade and other payables	4	221,415
<b>170,527</b>	<b>Total</b>		<b>221,415</b>

### Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from debtors and deposits with banks. Funds must be deposited with Westpac, a registered bank.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank there are no significant concentrations of credit risk.

### Market risk

An assessment has been completed at 30 June 2020 and the Ministry does not have any exposure to price risk or credit risk.

The Ministry has no assets or liabilities that are denominated in foreign currency at balance date.

### Interest rate risk

Interest rate risk is the risk the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. The Ministry has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.

## Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

The Ministry has no significant exposure to liquidity risk on its financial instruments.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office.

The Ministry maintains a target level of available cash to meet liquidity requirements. The table below analyses the Ministry's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cashflows.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
<b>2019</b>				
Receivables (see note 3)	4,138	-	-	-
Payables (see note 4)	170,527	-	-	-
<b>2020</b>				
Receivables (see note 3)	7,812	6,778	-	-
Payables (see note 4)	221,415	-	-	-

## 7. Transfer of KiwiBuild operations

Kāinga Ora - Homes and Communities Act received Royal Assent on 23 September 2019 which consolidated Housing New Zealand, its subsidiary HLC and parts of the KiwiBuild Unit which sat operationally with the Ministry of Housing and Urban Development (HUD) until the 30 September 2019. Following the enactment of the Bill, Kāinga Ora was established on 1 October 2019, at this time the KiwiBuild operations for Buy off the Plans (BOTP) and Land for Housing Programme was split, with the BOTP operations being transferred from the HUD to Kāinga Ora Homes and Communities and the Land for Housing Programme remaining at HUD. As HUD still remains responsible for payments made in relation to expenditure against both the KiwiBuild Housing MYA and KiwiBuild Operations appropriations and will continue to receive the proceeds on sales for these operations there is no material impact on the Crown Financial Schedules, except for the initial transfer of inventory and BOTP receivables to HAA.

## 8. COVID-19 impacts

The Ministries IT infrastructure set up, using modern technology cloud-based solutions, enabled staff to easily work from home with little disruption. Due to the urgency in finding safe accommodation for our most vulnerable New Zealanders through the COVID-19 pandemic, especially targeting people living rough or in accommodation where social distancing was not possible, the Ministry had delivered more services at a faster pace.

The Ministry reviews its significant judgements and estimates annually, at 30 June 2020 the Ministry assessed the potential impacts on the non-departmental schedules and statements as a result of COVID-19. The Ministry concludes that other than additional emergency funding it had received, there were no impacts on the non-departmental schedules and statements. The Ministry had performed desktop valuations on land under the Land for Housing Programme to ensure the recoverable amount was not lower than the carrying amount and no provision for bad debts or write-offs were necessary.

## 9. Events after balance date

There were no significant events after balance date.

# STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE

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for the year ended 30 June 2020

*The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2020.*

# STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENDITURE INCURRED AGAINST APPROPRIATIONS

For the year ended 30 June 2020

## Annual and permanent appropriations for the Ministry of Housing and Urban Development

Actual 2019 \$000		Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Departmental output expenses</b>				
1,071	Community Housing Regulatory Authority	1,529	1,477	1
2,443	Facilitating Redevelopment of Surplus Crown Land	2,523	2,499	1
13,313	KiwiBuild Unit	13,501	6,111	1
12,498	Management of Housing Places, Providers & Services	20,237	19,383	1
31	Administering the Legacy Social Housing Fund	600	109	1
-	Establishment of Kāinga Ora - Homes and Communities	3,100	2,831	1
<b>29,356</b>	<b>Total departmental output expenses</b>	<b>41,490</b>	<b>32,410</b>	
<b>Multi-category expenses appropriations</b>				
<b>16,867</b>	<i>Policy Advice and Related Outputs MCA</i>	<b>29,932</b>	<b>29,174</b>	
<b>Departmental output expenses</b>				
15,662	Policy Advice	26,917	26,296	1
1,060	Related Services to Ministers	2,561	2,504	1
145	Crown Monitoring Advice	454	374	1
<b>46,223</b>	<b>Total departmental output expenses</b>	<b>71,422</b>	<b>61,584</b>	
<b>Departmental capital expenditure</b>				
<b>873</b>	Capital expenditure PLA	<b>1,000</b>	<b>2,224</b>	1
<b>Non-departmental output expenses</b>				
6,405	Housing New Zealand Corporation Support Services	3,698	2,798	4
-	Kāinga Ora - Homes and Communities	21,080	15,342	3
2,736	KiwiBuild Operations	8,446	1,871	4
-	He Kuku Ki Te Kainga - Increasing Maori Housing Supply	7,000	681	2
-	He Taupua - Increasing Maori Housing Provider Capability	1,000	490	4
-	Local Innovations and Partnerships	500	-	4
-	Support Services to increase home ownership	1,500	-	4
-	Financial capability services to support Pacific households into home ownership	630	-	4
-	Management of Crown Properties held under the Housing Act 1955	8	8	4
<b>9,141</b>	<b>Total non-departmental output expenses</b>	<b>43,862</b>	<b>21,190</b>	

The numbers in this column represent where the end of year performance information has been reported for each appropriate administered by the Ministry, as detailed below:

<sup>1</sup> The Ministry's annual report.

<sup>2</sup> Minister of Housing and Urban Development in the Vote Housing and Urban Development non-Departmental Appropriations Report

<sup>3</sup> Reported in the Kāinga Ora – Homes and Communities Annual Report

<sup>4</sup> No reporting due to an exemption under section 15D of the Public Finance Act 1989.

Actual 2019 \$000		Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
	<b>Benefits or related expenses</b>			
61,856	KiwiSaver HomeStart Grant	35,374	27,463	4
-	First Home Grants	54,646	50,559	4
<b>61,856</b>	<b>Total benefits or related expenses</b>	<b>90,020</b>	<b>78,022</b>	
	<b>Non-departmental other expenses</b>			
623	Housing Assistance	789	431	4
33,529	Impairment of Land held by the Crown for sale	-	-	4
-	Land for Housing - Deferred Settlements	16,980	-	4
2,794	Social Housing Provider Development	2,634	900	4
<b>36,946</b>	<b>Total non-departmental other expenses</b>	<b>20,403</b>	<b>1,331</b>	
	<b>Non-departmental multi-category expenses and capital expenditure</b>			
<b>19,296</b>	<b><i>Community Group Housing MCA</i></b>	<b>23,795</b>	<b>22,081</b>	
	<b>Non-departmental output expenses</b>			
10,418	Community Group Housing Market Rent Top-Up	13,891	12,675	4
	<b>Non-departmental other expenses</b>			
3,078	Community Housing Rent Relief	4,104	3,606	4
	<b>Non-departmental capital expenditure</b>			
5,800	Acquisition and Improvement of Community Group Housing Properties	5,800	5,800	4
<b>753,666</b>	<b><i>Public Housing MCA</i></b>	<b>1,151,093</b>	<b>1,108,788</b>	
	<b>Non-departmental output expenses</b>			
734,739	Purchase of Public Housing Provision	1,091,258	1,071,138	1
18,012	Services for People in Need of or at risk of Needing Public Housing	37,035	33,055	1
750	Services Related to the Provision of Public Housing	900	2,835	1
	<b>Non-departmental other expenses</b>			
165	Support for the Provision of Public Housing Supply	21,900	1,760	1
<b>100,958</b>	<b><i>Transitional Housing MCA</i></b>	<b>180,025</b>	<b>166,432</b>	
	<b>Non-departmental output expenses</b>			
52,810	Provision of Transitional Housing Places	93,062	93,788	1
34,322	Transitional Housing Services	62,663	69,022	1
	<b>Non-departmental capital expenditure</b>			
13,826	Acquisition, Development and Construction of Transitional Housing	24,300	3,622	1
<b>873,920</b>	<b>Total non-departmental multi-category expense and capital expenditure</b>	<b>1,354,913</b>	<b>1,297,301</b>	
<b>1,028,959</b>	<b>Total annual and permanent appropriations</b>	<b>1,581,620</b>	<b>1,461,652</b>	

## DETAILS OF MULTI-YEAR APPROPRIATIONS

### KiwiBuild Housing MYA

On 1 October 2018, a multi-year appropriation, KiwiBuild Housing was established in Vote Housing and Urban Development, non-departmental output expenses for the acquisition, construction and provision of KiwiBuild dwellings. This appropriation expires on 30 June 2022.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental output expense:</b>			
KiwiBuild Housing*			
<b>Opening appropriation</b>	2,039,923	2,039,923	
Adjustment to appropriation	(344,590)	(344,590)	
<b>Adjusted total appropriation</b>	1,695,333	1,695,333	
Cumulative actual expenditure at 1 July	55,835	96,920	
Current year actual expense	221,163	220,807	2
<b>Cumulative actual expenditure at 30 June</b>	276,998	317,727	
<b>Appropriation remaining at 30 June</b>	1,418,335	1,377,606	

### COVID-19 Housing Providers Operational Cost MYA

On 30 April 2020, a multi-year appropriation, COVID-19 Housing Providers Operational Cost was established in Vote Housing and Urban Development, non-departmental output expenses for payments to Housing Providers for additional operational costs incurred associated with responding to COVID 19. This appropriation expires on 30 June 2021.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental output expense:</b>			
COVID-19 Housing Providers Operational Cost			
<b>Opening appropriation</b>	10,000	10,000	
Adjustment to appropriation	-	-	
<b>Adjusted total appropriation</b>	10,000	10,000	
Cumulative actual expenditure at 1 July	-	-	
Current year actual expense	4,000	1,189	2
<b>Cumulative actual expenditure at 30 June</b>	4,000	1,189	
<b>Appropriation remaining at 30 June</b>	6,000	8,811	

\* In accordance with section 4 of the Public Finance Act 1989, this appropriation was utilised for the purchases of KiwiBuild Housing inventory (\$137.3 million for 133 houses and 3 land parcels acquired) and is also necessary to reflect the expense of cost of goods sold (\$83.5 million for 55 houses and 24 land parcels sold) in accordance with Generally Accepted Accounting Practice

**Housing Infrastructure Fund – Fair Value Write Down MYA**

On 1 October 2018, a multi-year appropriation, Housing Infrastructure Fund – Fair Value Write Down was established in Vote Housing and Urban Development, non-departmental other expense for the fair-value write down of interest-free loans from the Housing Infrastructure Fund to Territorial Local Authorities. This appropriation expires on 30 June 2021.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental other expense:</b>			
Housing Infrastructure Fund – Fair Value Write Down			
<b>Opening appropriation</b>	190,791	190,791	
Adjustment to appropriation	(160,791)	(160,791)	
<b>Adjusted total appropriation</b>	30,000	30,000	
Cumulative actual expenditure at 1 July	-	-	
Current year actual expense	30,000	-	4
<b>Cumulative actual expenditure at 30 June</b>	30,000	-	
<b>Appropriation remaining at 30 June</b>	-	30,000	

**Write Down and Write-off of Progressive Home Ownership Loans MYA**

On 1 April 2020, a multi-year appropriation, Write Down and Write-off of Progressive Home Ownership Loans was established in Vote Housing and Urban Development, non-departmental other expense for the fair-value write down of interest-free loans to suppliers of Progressive Home Ownership schemes and write-off of any potential bad debts associated with such loans. This appropriation expires on 30 June 2024.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental other expense:</b>			
Write Down and Write-off of Progressive Home Ownership Loans			
<b>Opening appropriation</b>	286,755	286,755	
Adjustment to appropriation	-	-	
<b>Adjusted total appropriation</b>	286,755	286,755	
Cumulative actual expenditure at 1 July	-	-	
Current year actual expense	6,969	-	4
<b>Cumulative actual expenditure at 30 June</b>	6,969	-	
<b>Appropriation remaining at 30 June</b>	279,786	286,755	

### Housing Infrastructure Fund Loans MYA

On 1 October 2018, a multi-year appropriation, Housing Infrastructure Fund Loans was established in Vote Housing and Urban Development, non-departmental capital expenditure for interest-free loans of a duration of ten years or under to Territorial Local Authorities to finance the infrastructure needed to unlock residential development. This appropriation expires on 30 June 2023.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental capital expenditure:</b>			
Housing Infrastructure Fund Loans			
<b>Opening appropriation</b>	<b>642,824</b>	<b>642,824</b>	
Adjustment to appropriation	(518,464)	(518,464)	
<b>Adjusted total appropriation</b>	<b>124,360</b>	<b>124,360</b>	
Cumulative actual expenditure at 1 July	10,597	10,597	
Current year actual expense	10,116	-	2
<b>Cumulative actual expenditure at 30 June</b>	<b>20,713</b>	<b>10,597</b>	
<b>Appropriation remaining at 30 June</b>	<b>103,647</b>	<b>113,763</b>	

### Progressive Home Ownership Fund MYA

On 1 February 2020, a multi-year appropriation, Progressive Home Ownership Fund was established in Vote Housing and Urban Development, non-departmental capital expenditure to assist access to home ownership through progressive home ownership schemes. This appropriation expires on 30 June 2024.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental capital expenditure:</b>			
Progressive Home Ownership Fund			
<b>Opening appropriation</b>	<b>400,000</b>	<b>400,000</b>	
Adjustment to appropriation	-	-	
<b>Adjusted total appropriation</b>	<b>400,000</b>	<b>400,000</b>	
Cumulative actual expenditure at 1 July	-	-	
Current year actual expense	10,000	-	2
<b>Cumulative actual expenditure at 30 June</b>	<b>10,000</b>	<b>-</b>	
<b>Appropriation remaining at 30 June</b>	<b>390,000</b>	<b>400,000</b>	

**Kāinga Ora - Homes and Communities Standby Credit Facility MYA**

On 1 May 2020, a multi-year appropriation, Kainga Ora - Homes and Communities Standby Credit Facility was established in Vote Housing and Urban Development, non-departmental capital expenditure to assist Kainga Ora - Homes and Communities with short-term liquidity requirements in exceptional and temporary circumstances. This appropriation expires on 30 June 2024.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental capital expenditure:</b>			
Kāinga Ora - Homes and Communities Standby Credit Facility			
<b>Opening appropriation</b>	1,000,000	1,000,000	
Adjustment to appropriation	-	-	
<b>Adjusted total appropriation</b>	1,000,000	1,000,000	
Cumulative actual expenditure at 1 July	-	-	
Current year actual expense	-	-	4
<b>Cumulative actual expenditure at 30 June</b>	-	-	
<b>Appropriation remaining at 30 June</b>	1,000,000	1,000,000	

**Vacant or Underutilised Crown Land Programme MYA**

On 1 October 2018, a multi-year appropriation, Vacant or Underutilised Crown Land Programme was established in Vote Housing and Urban Development, non-departmental capital expenditure for the Crown's contribution to the development of housing in selected locations. This appropriation expires on 30 June 2022.

	Approved appropriation 2020 \$000	Actual 2020 \$000	Location of performance Information
<b>Appropriation for non-departmental capital expenditure:</b>			
Vacant or Underutilised Crown Land Programme			
<b>Opening appropriation</b>	55,354	55,354	
Adjustment to appropriation	(55,354)	(55,354)	
<b>Adjusted total appropriation</b>	-	-	
Cumulative actual expenditure at 1 July	-	-	
Current year actual expense	-	-	4
<b>Cumulative actual expenditure at 30 June</b>	-	-	
<b>Appropriation remaining at 30 June</b>	-	-	

**Vote Housing and Urban Development**

	Approved appropriation 2020 \$000	Actual 2020 \$000
<b>Total annual and permanent appropriations</b>	1,581,620	1,461,652
<b>Total multi-year appropriations</b>	282,248	221,996
<b>Total Vote Housing and Urban Development</b>	1,863,868	1,683,648

## STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

For the year ended 30 June 2020

	Expenditure excluding remeasurements	Appropriation Voted	Unappropriated Expenditure
	2020	2020	2020
	\$000	\$000	\$000
<b>Vote Housing and Urban Development</b>			
<b>Non-departmental capital expenditure</b>			
Land for Housing – Deferred Settlements	14,843	-	14,843

### Departmental expenditure

There was no unappropriated expenditure incurred during the year.

In 2019/20 the Ministry spent more than the forecast amount of its Departmental Capital Permanent Legislative Authority (PLA). This was due to the uncertainties relating to timing of the construction of the fit-out and expected move in date of its new leased premises at 7 Waterloo Quay following the COVID-19 lockdown. This overspend is not a breach of appropriation under section 24(1) of the Public Finance Act 1989, as this appropriation is a PLA.

### Non-departmental expenditure

During the 2019/20 year, for sales of land to developers under the Land for Housing Programme, the Ministry offered deferred settlement terms of up to 360 days from the date of title transfer.

The Ministry had authority to incur operating expenditure relating to these arrangements. In accordance with section 65 under the *Public Finance Act 1989* (the "Act") deferred settlement terms greater than 90 days constitutes lending and therefore authority to incur capital expenditure for the loan capital was required but had not been sought.

In addition, under section 65L or section 65M of the Act any lending must be made from a capital expenditure appropriation, or other authority, approved by Parliament for the purpose. However, due to a technical interpretation of the Act, the Ministry was found to not have the correct type of appropriation to facilitate the lending and therefore breached appropriation. In the 2019/20 financial year there were no other instances of expenses, and capital expenditure incurred without, or in excess of, appropriation or other authority, or outside of the scope of appropriation.

The total unappropriated expenditure in the year to 30 June 2020 was \$14.843 million.

A section 26C approval was sought and provided through the Minister of Housing in September 2020.

## STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS

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For the year ended 30 June 2020

The Ministry received \$0.400 million of capital injection for the period to 30 June 2020 (2019: \$5.6 million).

## STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS WITHOUT, OR IN EXCESS OF, AUTHORITY

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For the year ended 30 June 2020

The Ministry has not received any capital injections during the year without, or in excess of, authority.



