

Terms of Reference

Independent Review into Kāinga Ora - Homes and Communities

Background and purpose

Kāinga Ora is a large Crown entity with annual expenditure of \$2.5 billion and total assets of \$45 billion which have a significant impact on the Government financial statements in terms of OBEGAL and impact net debt by \$13.2 billion over the forecast period.

The Minister of Finance and Minister of Housing have decided to carry out a review under section 132 of the Crown Entities Act 2004 to provide assurance over the approach and delivery over significant investment programmes by Kāinga Ora.

Ministers have decided to utilise external independent reviewers with the support of the Treasury and Ministry of Housing and Urban Development to undertake this review.

Objective

The review should identify ways to improve Kāinga Ora performance and value for money, and to manage the impacts of Kāinga Ora on debt and OBEGAL.

Scope

The scope of the review will at a minimum include:

Financial viability of Kāinga Ora

- The efficacy of Kāinga Ora's funding arrangements with the Crown
- Property management and overhead costs compared to its revenues
- Cost of renewal of the portfolio over the long term compared to its revenues
- Appropriateness of its portfolio valuation methodology for financial reporting and decision-making purposes.

Asset procurement and management

- Housing procurement strategies and delivery by place, typology and amenity
- Procurement costs (including overheads) and quality
- Value for money of its development programmes including land acquisition and building
- The effectiveness of its relationships with its key suppliers, developers, Councils, Community Housing providers and others
- Engagement with communities and tenants to reflect their housing preferences
- Asset management performance.

Tenancy management

- Consider the performance of Kāinga Ora as a tenancy manager, including consistency with a goal of delivering better outcomes for tenants.

Kāinga Ora remit

- Consider whether the remit of Kāinga Ora, including in legislation, regulation, Government policies, letters of expectation, statements of performance expectations and Ministerial directions, is conducive to good performance of its core functions.

Institutional arrangements to incentivise better performance.

- Consider institutional arrangements for Kainga Ora functions, including operating scope, organisational form and structure, governance, and subsidy and funding arrangements with the Crown, that will encourage better performance and reduce fiscal impacts on debt and OBEGAL.

Timeline

The independent review will report back to the Minister of Finance and Minister of Housing in March 2024.