



ANNUAL REPORT 2018/19



MINISTRY OF HOUSING
AND URBAN DEVELOPMENT



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CHIEF EXECUTIVE FOREWORD

Tēnā koutou

I'm especially proud of what the Ministry of Housing and Urban Development (the Ministry) has achieved since we were established in October last year.

Before the Ministry was set up, no agency had responsibility for the end-to-end leadership of the housing and urban development system. The Ministry was established to take on this role.

It's not just about housing – the Ministry's focus is on people, the homes they live in and the communities they are part of. This is reflected in our purpose: thriving communities where everyone has a place to call home.

The Ministry covers the full spectrum of housing and urban development. Together with our partners and others, the Ministry is working to prevent and reduce homelessness and provide support for people who have the greatest housing needs. The Ministry also works to make housing more affordable for people to rent and buy, and to support quality urban development and thriving communities.

As a new organisation, we have a major programme of work ahead of us.

The Ministry is already making good progress. We have a clear purpose and have identified the high-level principles and outcomes that will shape and guide the work we do as an organisation.

We have a well-developed work programme that focuses on delivering at pace on the Government's housing and urban development priorities, including addressing homelessness, making changes to improve the lives of renters and setting up an urban development agency that will enable cities to make room for growth.

We have established a Māori Housing Unit to act with and for Māori in realising their housing aspirations, and we are continuing to build our Māori capability as an organisation. We are also continuing to build organisational capability.

I am pleased with what the Ministry has achieved with Ministers in delivering their work programme.

We don't, and can't, do this work alone. I would like to thank our partners and stakeholders for their continued support as we continue to build the Ministry. Together, we have a significant opportunity to make a real difference to the lives of New Zealanders.

There is a lot more work to be done, but we have a solid foundation in place.

Nāku noa, nā

Andrew Crisp | Chief Executive
Ministry of Housing and Urban Development

MINISTRY OF HOUSING AND URBAN DEVELOPMENT AT A GLANCE

1 October 2018

The Ministry established

4 functions brought together from MBIE, MSD, HNZ and Treasury

350 people (approx.)

2 locations
(Wellington and Auckland)

9 portfolios
Number of portfolios HUD supports

4 Ministers
Number of Ministers and Associate Ministers the Ministry serves

10 Acts the Ministry is responsible for

- Home Ownership Savings Act
- Housing Act
- Housing Accords and Special Housing Areas Act
- Housing Assets Transfer Act
- Housing Corporation Act
- Housing Restructuring and Tenancy Matters Act
- Residential Tenancies Act
- Retirement Villages Act
- Riccarton Racecourse Development Enabling Act
- Unit Titles Act

(As at 30 June 2019)

\$46m (approx.)

Total appropriated expenditure for 2018/19

\$1.09b (approx.)

Responsible for administering for non-departmental operations

69,317 public housing places

806 people and whānau housed through the **Housing First** programme

2,789 transitional housing places secured for tenanting

47 Community Housing Providers registered

230 KiwiBuild homes completed

(As at 30 June 2019)

YEAR IN REVIEW

The Ministry of Housing and Urban Development (the Ministry) was established on 1 October 2018, to take an end-to-end leadership role for the housing and urban development system.

The Ministry is working across the system, with others, to prevent and reduce homelessness, increase public and private housing supply, make homes warmer and healthier, make housing more affordable for people to rent and buy, and to support quality urban development and thriving communities.

As a new agency, a key focus for the Ministry has also been to ensure we have the foundations in place (resources, structures and systems) to fulfil this cross-system role and deliver on the Government's priorities.

A significant programme of work is underway, and a lot has already been achieved.

CREATING VIBRANT, FLOURISHING COMMUNITIES

...that include homes, education, employment, amenities and services that meet people's physical, social and cultural needs.

For example, in 2018/19 the following has been achieved:

- Established a pilot in Hastings and began work to embed a **place-based approach** to housing and urban development through working with partners in cities and regions to understand their needs and developing tailored responses.
- Established **Te Kāhui Kāinga Ora** – a Māori Housing Unit that will lead the Ministry's work to lift housing and urban development outcomes for Māori. Te Kāhui Kāinga Ora is also building strong partnerships between Te Puni Kōkiri and Housing New Zealand (Kāinga Ora - Homes and Communities) to act with and for Māori in realising their housing aspirations.





DELIVERING AFFORDABLE HOMES FOR EVERY GENERATION

...by ensuring land is used efficiently and effectively to provide homes for people across generations, and people can rent or buy depending on their needs.

For example, in 2018/19 the following has been achieved:

- Delivered more affordable homes via the **KiwiBuild** programme, with 230 homes built and 385 more homes under construction (as at 30 June 2019).¹ We also established an offsite manufacturing procurement process to leverage KiwiBuild's scale to increase the construction sector's capacity and reduce costs.
- Increased momentum in the **Land for Housing Programme**, including land acquisitions to support around 700 new houses, and by advancing the master planning for 26.5 hectares of land at Unitec, Mt Albert, where it will be possible to deliver between 2,500 and 4,000 homes in partnership with Ngā Mana Whenua o Tāmaki Makaurau.
- Worked with Housing New Zealand and its subsidiary Homes.Land.Community (HLC) to progress the portfolio of **large-scale housing and urban development projects** necessary to deliver on the scale of our public and affordable housing expectations in the medium to long-term.

¹ Data for KiwiBuild homes built or under construction may be subject to change following changes to the Government Build Programme announced on 4 September 2019.

SUPPORTING WELLBEING THROUGH HOUSING

...undertaking work to ensure everyone has access to a warm, safe and dry home that is appropriate to their circumstances and feels part of their community.

For example, in 2018/19 we have:

- Developed a cross-agency, system level approach to **preventing and reducing homelessness**, and continued to support people who are homeless across the country through other initiatives such as Creating Positive Pathways for ex-offenders and fast-tracking access to public housing for vulnerable children in the care of Oranga Tamariki.
- Delivered 2,178 new **public housing** places, exceeding the target set in the Public Housing Plan of 1,600. This was the biggest annual increase to public housing in nearly 20 years. Of those, 1,853 were delivered between 1 October 2018 and 30 June 2019.
- Introduced 204 new **transitional housing** places between 1 October 2018 to 30 June 2019, bringing the total to 2,789 places as at 30 June 2019, providing individuals and families with short-term arrangements, particularly in high need regions, while longer-term options are sought.
- Worked in partnership with providers and stakeholders to expand **Housing First**, a programme to house and support homeless people with multiple, high and complex needs, to three new locations (Wellington, Rotorua and Blenheim) and continued to support Housing First programmes operating in Auckland, Hamilton, Tauranga and Christchurch.
- Continued to grow the community housing sector; four new **Community Housing Providers** were registered.
- Through the Community Housing Regulatory Authority, assisted **Community Housing Providers** in complying with current insulation laws and the new healthy homes standards.
- Developed **healthy homes standards** that aim to make rental homes warmer and drier. The healthy homes standards for heating, insulation, ventilation, moisture ingress, draught-stopping and drainage became law on the 1 July 2019.
- Progressed a reform of the **Residential Tenancies Act** to improve security of tenure for renters, including analysing the 4,784 submissions received.

SHAPING A SELF-ADJUSTING SYSTEM

...where housing supply meets demand, agencies work together and across the system to improve outcomes and sector capability/capacity reflects current and future needs.

For example, in 2018/19 the following has been achieved:

- Continued to progress key work programmes under the **Urban Growth Agenda**, for example the National Policy Statement on Urban Development, entering into formal urban growth partnerships and working closely with the Treasury and the Department of Internal Affairs who are leading the development of an alternative infrastructure financing model.
- Entered into formal **urban growth partnerships** with Auckland Council and with the Waikato Future Proof partners for the Hamilton to Auckland Corridor as part of the Urban Growth Agenda. Examples of joint projects with Auckland Council include the City Rail Link CBD station precincts, City Centre to Mangere transport corridor, Manukau transformation and Drury new town. These partnerships are means of facilitating pace and scale in urban development and ensuring government investment in infrastructure is aligned.
- Progressed work on a **National Policy Statement on Urban Development (NPS UD)** (as part of the Urban Growth Agenda), which will be released for consultation in the third quarter of 2019. The NPS UD directs local authorities to provide development capacity in their resource management plans to meet demand for housing and business space.
- Continued work to set the long-term direction on the Government's priorities for housing and urban development, and developed legislation to provide for the **Government Policy Statement – Housing and Urban Development**.
- Developed legislation to establish **Kāinga Ora – Homes and Communities**, a Crown agency responsible for being a public housing landlord and facilitating and leading integrated urban development that provides a mix of public, affordable and market housing, and prepared for the transition of the KiwiBuild Unit, Housing New Zealand and its subsidiary Homes.Land. Community (HLC), into Kāinga Ora.



As a new agency, we have been developing our organisational capabilities and foundations to enable us to perform our system leadership role and achieve our outcomes.

For example, in 2018/19 the following has been achieved:

- Set our **organisational strategy** – we have a clear purpose and have identified the high-level principles and outcomes that will shape and guide the work we do.
- Established a **new structure and permanent leadership team** (effective from 1 July 2019), and developed our work programme and identified our own medium-term priorities.
- Began building capability to provide insights on what is happening across the housing and urban system and to strengthen the **housing and urban evidence base**, including developing an outcomes framework and indicators that help to measure performance.
- Initiated **Māori capability building** across the Ministry and began developing an understanding of kaupapa Māori approaches to housing and urban development, and embedding those understandings in all of the Ministry's work.
- Introduced a strong focus on **stakeholder engagement** and a **governance model** to ensure that the Ministry is working effectively and efficiently, and leading across system stakeholders.
- Brought together around 280 staff from four different agencies to establish the Ministry, and appointed people to over 120 roles as we brought on new staff and confirmed internal appointments, while continuing to build our **organisational capability**. More than 350 people now work at the Ministry.
- Encouraged staff input and engagement in the development of who we are as an organisation and how we work, and supported staff initiatives to enable **diversity and inclusion** within the Ministry.
- Built our **technology platform** and deployed devices to all staff, to enable a more modern way of working.

ABOUT THE MINISTRY OF HOUSING AND URBAN DEVELOPMENT

The Ministry was formed on 1 October 2018, bringing together functions from the Ministry of Business, Innovation and Employment and the Ministry of Social Development, along with the monitoring of Housing New Zealand and the Tāmaki Redevelopment Company function from The Treasury.

OUR ROLE WITHIN THE HOUSING AND URBAN DEVELOPMENT SYSTEM

Before the Ministry was established, no single government agency had responsibility for the leadership and performance of the housing and urban development system. The Ministry was created to take on this end-to-end system leadership role.

We have a clear mandate to understand how the whole housing and urban development system operates, to join up fragmented responsibilities and resourcing and to play a bigger role in preventing and reducing homelessness.

The Ministry's leadership role has two dimensions:

Shaping a platform for change – as well as delivering and procuring directly, we need to set the strategy and direction, inspire others and provide tools, levers, investment and information to support their actions.

Stewardship/kaitiakitanga – looking beyond the immediate issues and the Government's priorities to also consider future challenges and opportunities for New Zealand, and plan for future consequences.

The Ministry works in collaboration with communities, other government agencies, iwi, and the not-for-profit and private sectors, to set system strategy and implement work programmes to deliver on that strategy.

OUR PURPOSE

The Ministry leads New Zealand's housing and urban development work programme.

It's not simply about housing. People are at the heart of what the Ministry does. People are what makes a house a home, within a wider community that includes schools, jobs, transport, recreational facilities and other services.

The Ministry's purpose is thriving communities where everyone has a place to call home – he kāinga ora, he hapori ora.



OUR KAUPAPA

Our Kaupapa is the framework we have designed for the Ministry, which influences and supports the way we work and enables us to be effective system leaders.

It consists of our purpose, values, principles and outcomes – all of which come together to guide our approach to shaping a platform for change and providing long-term kaitiakitanga (stewardship) of the housing and urban development system.

Our Kaupapa will help us deliver our ambitious work programme in the short term to address real needs now, while progressing fundamental system reforms so our cities and communities can grow well over time.

OUR VALUES

Our values are the behaviours that shape the way we work together and with our partners.

Curiosity

Drive

Empathy

OUR PRINCIPLES

We have five principles that guide how we approach our work.



THE MINISTRY'S OUTCOMES

Our outcomes are what we are working to achieve for New Zealanders. They help guide everything we do.

Collectively our outcomes help us track progress, refine our approach, and focus our efforts and resources where they are needed most.

Vibrant, flourishing communities – communities include homes, education, employment, amenities and services that meet people’s physical, social and cultural needs.

Affordable homes for every generation – land is used efficiently and effectively to provide homes for people across generations, and people can rent or buy depending on their needs.

Wellbeing through housing – everyone has access to a warm, safe and dry home that is appropriate to their circumstances and feels part of their community.

A self-adjusting system – housing supply meets demand, agencies work together and across the system to improve outcomes and sector capability/capacity reflects current and future needs.

The following section provides more detail about the Ministry’s high-level outcomes.

GOVERNMENT PRIORITIES

The Ministry’s outcomes support the eight priorities the Government has identified for housing and urban development in New Zealand. Various agencies contribute to these priorities, not only the Ministry.

1. Building affordable housing through KiwiBuild, to support the creation of thriving, sustainable communities that provide housing choices to meet a wide range of needs
2. Establishing an urban development agency with the appropriate tools, so New Zealand cities can make room for growth
3. Increasing public housing supply
4. Ending homelessness, supported by additional investment in transitional housing and Housing First
5. Progressing the Urban Growth Agenda, to drive changes to the urban land and infrastructure planning systems
6. Modernising the residential tenancy rules to enable greater security of tenure and better reflect the contemporary housing market
7. Achieving equitable housing outcomes for Māori, with an immediate focus on addressing barriers to building on Māori land, ensuring Māori benefit from KiwiBuild, and improving rural and substandard housing. Other groups with poor housing outcomes, such as Pacific peoples and people with disabilities, will also be a focus
8. Managing demand for housing through changes to tax settings and rules on foreign ownership of residential property.

MINISTERS

The Ministry works with a team of four housing and urban development ministers.



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)

OUR LEADERSHIP TEAM

The Ministry's Senior Leadership Team has collective responsibility 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, and taking a 'whole of Ministry' approach.

The team work together to provide leadership across the housing and urban development system, and hold key relationships with our partners and stakeholders.



From left to right:

Helen Potiki, DCE Office of the Chief Executive; **Stephanie Rowe**, DCE System Performance; **Mark Sowden**, DCE Housing and Urban Settings; **Kararaina Calcott-Cribb**, DCE, Tumuaki - Te Kāhui Kāinga Ora; **Quin Carver**, DCE Corporate; **Brad Ward**, DCE Place-based Policy and Programmes; **Andrew Crisp**, Chief Executive; **Scott Gallacher**, DCE Funding and Programme Delivery.

HIGH-LEVEL AND INTERMEDIATE OUTCOMES

The table below presents the Ministry’s high-level and intermediate outcomes as presented in our Statement of Strategic Intentions 2019-23. We plan to review the intermediate outcomes and interim outcome indicators as well as establishing baselines to measure future performance following the establishment of Kāinga Ora – Homes and Communities, in the 2019/20 financial year. Commentary is provided in the following sections illustrating the work HUD has undertaken in the year to 30 June 2019, which, over time, is expected to influence the measures within the Outcomes Framework.

High level outcome: Vibrant, flourishing communities

Inter-mediate outcome	Statement of Strategic Intentions example measures	2018/19 Annual Report baseline
Sustainable buildings, infrastructure, spaces and the natural environment are integrated in New Zealand’s urban centres	<p>There are agreed strategic objectives for specific regions, which drive spatial planning.*</p> <hr/> <p>Maintain the proportion of adults who can easily get to a public park or green space.**</p> <hr/> <p>Increase in the proportion of adults who feel safe when walking alone in their neighbourhood after dark.</p> <hr/> <p>Increase in the proportion of people with access to essential services (including health care, supermarkets and schools) by walking, cycling, using public transport and car within 15 minutes.**</p>	<p>The Ministry have entered into formal urban growth partnerships with Auckland Council; Waikato Future Proof partners and terms of reference are being finalised with Queenstown Lakes. The Ministry is also engaging with Tauranga-Western Bay of Plenty, the Wellington Region and Greater Christchurch on urban growth issues.</p> <hr/> <p>96 percent of people report finding it easy to access their nearest public park or green space. This includes Māori (96 percent).¹</p> <hr/> <p>62 percent of New Zealand adults feel safe when walking alone in their neighbourhood after dark. The same figure applies to Māori adults.¹</p> <hr/> <ul style="list-style-type: none"> 58 percent of people live within 15 minutes of a supermarket using public transport and 38 percent are within a 15 minute walk 98 percent of people are within a 15 minute drive from a primary school, and 59 percent are within a 15 minute walk 33 percent of people are within 15 minutes of a secondary school via public transport and 19 percent are within a 15 minute walk 63 percent of people are within 15 minutes of a GP via public transport and 50 percent are within a 15 minute walk.²
Māori can enjoy the full use of their land	<p>Increase in the proportion of Māori land used for housing and community development.*</p>	To be developed.
Communities have appropriate spaces for businesses to operate and grow	<p>Increase in urban productivity.*</p>	To be developed.

* This measure is currently under review and may be adapted for future reporting.

** This measure has changed since the HUD Statement of Strategic Intentions 2019-23.

*** This is only collected and analysed five-yearly (Census and Te Kupenga). At 30 June 2019, the 2018 data was not yet available.

High-level outcome: Wellbeing through housing

Inter-mediate outcome	Statement of Strategic Intentions example measures	2018/19 Annual Report baseline
Everyone has access to a warm, safe and dry home with security of tenure appropriate to their circumstances	<p>Decrease in proportion of population who are homeless.</p> <hr/> <p>Increase in the proportion of people who have lived in one house for at least the last five years.*</p> <hr/> <p>Decrease in the proportion of people living in homes with cold, dampness or mould.**</p> <hr/> <p>Increase in the diversity of supply of homes in communities.*</p>	<p>41,000 people are living in severe housing deprivation. Of these, it is estimated:</p> <ul style="list-style-type: none"> • 1,400 people are sleeping rough • 11,100 are in temporary and/or non-private dwellings • 28,500 are in severely overcrowded homes.** **4 <p>In the year to June 2019, 2,178 new public housing places were delivered as well as 448 new transitional housing places to provide housing options for people who are homeless. Of those, 204 new transitional housing places were delivered between 1 October 2018 and 30 June 2019.</p> <hr/> <p>53 percent of adults aged 15 years and over have lived in the same dwelling for at least the last five years.¹</p> <hr/> <p>63 percent of people are living in a warm, dry home. 3 percent of people are living in a home with a major problem with dampness or mould and a major problem with keeping it warm in winter.¹</p> <hr/> <p>As at June 2019, Māori Community Housing Providers (CHPs) made up 20 percent of registered CHPs and were providing about 3 percent of the total CHP stock.</p>
People have access to the services they need to be able to sustain their housing	<p>Decrease in the proportion of tenancy tribunal applications due to rent arrears.*</p> <hr/> <p>Decrease in the proportion of people who have lived in five or more houses in the last five years.*</p>	<p>No data available.</p> <hr/> <p>10 percent of adults aged 15 years and over have lived in five or more dwellings in the past five years. This is the situation for 16 percent of Māori adults.¹</p>
People have the opportunity to fully participate in the community	<p>Increase in the average adult's sense of belonging to their community.</p> <hr/> <p>Increase in the proportion of Māori who have visited their ancestral marae in the past 12 months.*</p>	<p>More than two-thirds of New Zealand adults (15+ years) feel a sense of connection with others in their neighbourhood. This proportion is the same for Māori.¹</p> <hr/> <p>54 percent of Māori had visited their ancestral marae in the previous 12 months.** **5</p>

1. Stats NZ. (2019). Wellbeing statistics: 2018. stats.govt.nz/information-releases/wellbeing-statistics-2018

2. New Zealand Transport Agency. (In press). NZTA Annual Report. nzta.govt.nz/resources/annual-report-nzta/

3. Stats NZ. (2019). Gross domestic product: June 2019 quarter. stats.govt.nz/information-releases/gross-domestic-product-june-2019-quarter

4. Amore, K. (2016). Severe housing deprivation in Aotearoa/New Zealand 2001-2013. University of Otago. healthyhousing.org.nz/wp-content/uploads/2016/08/Severe-housing-deprivation-in-Aotearoa-2001-2013-1.pdf

5. Stats NZ. (2014). Te Kupenga 2013 (English). stats.govt.nz/information-releases/te-kupenga-2013-english

High-level outcome: Affordable housing for every generation

Inter-mediate outcome	Statement of Strategic Intentions example measures	2018/19 Annual Report baseline
People are able to rent or buy appropriate housing for their changing needs	Increase in rental housing affordability.	31 percent of renting households are spending more than 30 percent of their household income on rent. ⁶ This is on top of the proportion of renting households whose housing costs drop below 30 percent of their income because they are receiving the income-related rent subsidy (11 percent), or the accommodation supplement.
	Decrease in the time to house people who are on the housing register*	In the quarter to June 2019 the median time to house people on the housing register was 122 days. This is an increase from 77 days in the quarter to June 2018. ⁷
Land is used efficiently, effectively and sustainably to provide homes for people across generations	Increase in home ownership.	In 2013: <ul style="list-style-type: none"> • 65 percent of households were living in homes they own • 43 percent of Māori households were living in homes they own • 32 percent of Pacific households were living in homes they own.⁸ ***
	Decrease in the price to cost ratio of residential housing.*	National data currently unavailable.
Māori, whānau, hapū and iwi are empowered to realise their housing aspirations	Increase in Māori home ownership.	In 2013, 43 percent of Māori households are living in homes they own. ***
Innovative solutions support scale and pace and quality	Increase in the proportion of new builds using prefabrication or modular construction.*	To be developed.

**** Methodology adapted from the National Policy Statement on Urban Development Capacity dashboard. This does not account for demolitions, nor does it measure consents as completed builds.

***** Using the method used for the National Policy Statement on Urban Development Capacity dashboard

6. 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/

7. Ministry of Housing and Urban Development. (2019). Public Housing Quarterly Report: June 2019. hud.govt.nz/assets/Community-and-Public-Housing/Follow-our-progress/june-2019/cae7aaceaf/Housing-Quarterly-Report-June-2019.pdf

8. Stats NZ. (2016). Changes in home-ownership patterns 1986–2013: Focus on Māori and Pacific People. stats.govt.nz/reports/changes-in-home-ownership-patterns-1986-2013-focus-on-maori-and-pacific-people

High-level outcome: A self-adjusting system

Inter mediate outcome	Statement of Strategic Intentions example measures	2018/19 Annual Report baseline
Housing supply meets housing demand	<p>Decrease in the ratio of new households to new dwelling consents.</p> <hr/> <p>Decrease in average time taken to complete resource consents.*</p> <hr/> <p>Increase in the proportion of people who are satisfied with the area in which they live.*</p>	<p>As at August 2019 the ratio of households to new consents was 1.14.****</p> <p>Estimates indicate that New Zealand is short approximately 50,000-72,000 homes, based on current housing demand (based on population and migration estimates prior to Census 2018).</p> <hr/> <p>In 2017/18, 86 percent of resource consents were processed on time.⁹ This is a decrease from 91 percent in 2016/17.¹⁰</p> <hr/> <p>77 percent of adults aged 15 years and over find their neighbourhood attractive. 68 percent of Māori adults find their neighbourhood attractive.¹¹</p>
Collaboration and effective partnerships shape the system	<p>Increase in stakeholder pulse check of perceived effectiveness of Ministry of Housing and Urban Development relationships.*</p> <hr/> <p>Increase in the number of dwellings built as a result of iwi and local government partnerships.**</p>	<p>To be developed.</p> <hr/> <p>157 dwellings have been built in partnership with iwi.</p> <p>No dwellings have been built in partnership with local government.</p>
Sector capability and capacity is continuously developing	<p>Increase in the quality assessment of local government's housing and business development capacity assessments and future development strategies.*</p> <hr/> <p>Decrease in cost per metre-squared of residential construction.*</p>	<p>An evaluation was published in July 2018 of the first four assessments. The housing demand analysis was carried out to a good standard. The housing capacity and feasibility modelling was done well, but forecasting methods relied on too many uncertainties. The business demand assessment was completed to a good standard, and the analysis on business capacity and feasibility was of good quality.¹¹</p> <hr/> <p>The cost per metre-squared of residential construction was \$2,972.*****</p>
Future consequences are foreseen and planned for	<p>Information is accessible and used to inform decisions.</p> <hr/> <p>Increase in local and national planning to respond to future environmental change.*</p>	<p>To be developed.</p> <hr/> <p>To be developed.</p>

9. Ministry for the Environment. (2019). National Monitoring System: Data for 2017/18. mfe.govt.nz/rma/national-monitoring-system/data-explorer/data-201718

10. Ministry for the Environment. (2019). National Monitoring System: Data for 2016/17. mfe.govt.nz/rma/national-monitoring-system/data-explorer/data-201617

11. Ministry of Environment. (2018). National Policy Statement on Urban Development Capacity: Summary evaluation report of Housing and Business Development Capacity Assessments for high-growth urban areas. mfe.govt.nz/sites/default/files/media/Towns%20and%20cities/Final-HBA-evaluation-report-July%202018.pdf

WORKING WITH OTHERS TO IMPROVE OUTCOMES FOR NEW ZEALANDERS

To successfully deliver on the Government’s housing and urban development priorities requires a coordinated approach across a wide range of portfolio areas.

The Ministry is building partnerships throughout the housing system to achieve change. With central and local government, treaty partners, community groups, developers, and the not-for-profit sector.

HUD is also partnering with Māori to ensure iwi, hapū and whānau have full enjoyment of their land. The table below outlines some of our key relationships.

Kāinga Ora – Homes and Communities	From 1 October 2019 Kāinga Ora – Homes and Communities will be responsible for leading urban development projects, both large and small, and managing public housing. Kāinga Ora – Homes and Communities will be the lead developer and drive the delivery of KiwiBuild homes. Functions of Housing New Zealand will also be folded into Kāinga Ora – Homes and Communities on that date, including provision of public housing to eligible people with high housing need and administration of government products to support home ownership.
Ministry of Social Development	The Ministry of Social Development manages all applications for public housing, assesses housing need, administers income-related rents for public housing tenants, delivers social services, and provides accommodation support to people in need living in the private rental market.
Te Puni Kōkiri	The Ministry and Te Puni Kōkiri work closely together to improve the quality and supply of housing for Māori and to support iwi and ropu Māori in their housing initiatives and aspirations. This includes brokering partnerships between iwi and KiwiBuild.
Ministry for the Environment	The Ministry for the Environment has a role in urban planning and environmental management, providing a system-wide perspective with the goal of creating sustainable, liveable cities.
Ministry of Transport	The Ministry of Transport works to shape liveable cities, with mode-neutral, integrated and connected transport choices.
Department of Internal Affairs	The Department of Internal Affairs advises on the role local government can play in the pursuit of better urban development integrated with smarter transport and infrastructure investment.
The Treasury	The Treasury advises on the housing market, including funding, and housing related tax-settings. The Treasury also advises on institutional settings that support infrastructure investment decision-making.
Oranga Tamariki	The Ministry is working with Oranga Tamariki to establish fast-track access to social housing for vulnerable children in the care of Oranga Tamariki.
Ministry of Business, Innovation and Employment	Ministry of Business, Innovation and Employment Tenancy Services provides information and resources to help tenants and landlords. It is also the building regulator and provides advice on building legislation and regulation. We also work with Ministry of Business, Innovation and Employment to ensure housing is available as refugee quotas are increased.
Ministry of Health	There is a strong link between access to secure, affordable warm and dry housing and physical and mental health outcomes for adults and children. We also work with the Ministry of Health to reduce the number of people who enter homelessness when they exit the mental health system.
Tāmaki Regeneration Company	The Tāmaki Regeneration Company works in partnership with residents and businesses, mana whenua, local and central government agencies, local service providers and the private sector to provide a platform for successful regeneration in Tāmaki.
New Zealand Infrastructure Commission	The New Zealand Infrastructure Commission – Te Waihanga – will, when established, help improve how New Zealand coordinates and plans infrastructure, make the most of existing infrastructure and plan long-term to ensure investment delivers the infrastructure needed, where and when it is needed.

Local Authority, Community and Private Sector

Local authorities and mana whenua	Increasingly the Ministry, with other central government agencies, is developing urban partnership relationships with local authorities and mana whenua.
Māori / Iwi	To improve housing opportunities for Māori we are partnering with Māori, iwi and hapū groups post settlement governance entities, Māori land trusts and incorporations, and urban Māori authorities to provide housing services and to deliver the KiwiBuild programme.
Community Housing Providers (CHPs)	One of the CHPs key objectives is the provision of public housing and/or affordable housing. We work with CHPs to grow the sector and we are responsible for registering and regulating CHPs that provide public housing.
Private developers	We work with private developers to deliver KiwiBuild housing.
Local government	Local authorities (local, unitary and regional) have a number of key roles including regulation, (e.g. building consents), funding (e.g. transport infrastructure), service provision and responsibility for spatial planning exercises.
Monitoring	
Housing New Zealand and Tāmaki Regeneration Company	Under the Crown Entities Act 2004 we have been responsible for monitoring Housing New Zealand. We will continue to be the monitor for Tāmaki Regeneration Company.
Kāinga Ora – Homes and Communities	Following establishment, we will be responsible for monitoring Kāinga Ora – Homes and Communities.

Cross-agency collaboration

HUD leads two senior level cross agency groups:

- **Homelessness:** recognising homeless people face a range of complex and inter-related issues, and that agencies collectively share responsibility for the prevention and reduction of homelessness. Agency representation includes Te Puni Kōkiri, the Ministry of Social Development, Ministry of Health, Department of Corrections, the Ministry for Pacific Peoples, Oranga Tamariki, Housing New Zealand, New Zealand Police, the Department of Prime Minister and Cabinet, and the Treasury.
- **Built and Urban System:** The Built and Urban System group focus on governing the intersections of the various system reforms from an urban development perspective. This includes spatial planning aspects of Resource Management reform and the Urban Growth Agenda. The group also provides a cross-agency governance forum for the Government's Policy Statement on Housing and Urban Development.

Building relationships with the Māori housing sector

We are continuing to develop a range of important relationships with key stakeholders such as the Iwi Chairs Forum and Te Matapihi, the national Māori housing peak body.

With Te Puni Kōkiri, we hosted Māori housing wānanga in December 2018 and April 2019, to develop a collaborative approach to progressing Māori housing priorities. The wānanga identified not only critical issues but possible solutions for addressing Māori housing concerns. A further follow-up wānanga is proposed for late 2019.

Strategic partnering model

The Ministry works with Housing New Zealand, Community Housing Providers, developers, social services, councils and others to fund and deliver more public housing, transitional housing, and services to tackle homelessness.

We've developed a strategic partnering model to guide how we partner with other agencies and housing providers to meet demand.

As a result of this new model, we have:

- made changes to how projects are funded
- provided a contracting framework, based on a relationship agreement
- offered a two-stage ('gateway') procurement process.

The model promotes a collaborative approach to delivering better outcomes for New Zealanders and encouraging partnerships with other agencies and providers, with a focus on increasing public and transitional housing supply.

With this model, we aim to increase the supply of housing, support people with services to help them sustain suitable housing, and build better lives.

SUPPORTING AND DELIVERING SERVICES TO NEW ZEALANDERS

The Ministry is a kaitiaki (steward) of the housing and urban development system. We are responsible for strategy, policy, funding, monitoring and regulation.

This Annual Report reviews the Ministry's achievements and overall progress for the strategic outcomes set out in our Statement of Strategic Intentions. Much of our work supports more than one outcome.

The Ministry's outcomes support the eight priorities the Government has identified for housing and urban development in New Zealand. Multiple Government priorities may be linked to each outcome.



OUTCOME: VIBRANT, FLOURISHING COMMUNITIES

GOVERNMENT PRIORITIES:

- 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.
- Progressing the Urban Growth Agenda, to drive changes to the urban land and infrastructure planning systems.
- Achieving equitable housing outcomes for Māori, with an immediate focus on addressing barriers to building on Māori land, ensuring Māori benefit from KiwiBuild, and improving rural and substandard housing. Other groups with poor housing outcomes, such as Pacific peoples and people with disabilities, will also be a focus.



Taking a place-based approach to addressing housing and urban development needs

Every community has their own housing and urban development challenges and opportunities. A ‘one size fits all’ approach will not work. HUD needs to take a deliberate place-based approach to policy, including by working with councils, iwi and others based in the community to develop and implement local solutions.

The Ministry is trialling a new approach for assessing and responding to housing and urban development needs. The approach starts with collaborative, ‘place-based’ assessments, through which joint action plans will be developed to target central government and local action where it is most needed. This is based on the principle that local leadership and local action are key to improve the wellbeing of a community and achieve sustainable change.

A place may be a region, a city or a town. The Ministry is identifying places throughout New Zealand that are high priority, based on their housing and urban needs.

The Ministry's Place-based Policy and Programmes Group leads this activity, working closely with central and local government agencies. We'll work with partners in each place to understand the issues, drivers and responses needed from local government, central government and others. Once Kāinga Ora – Homes and Communities is established it will also play an important role.

The Ministry is testing its approach in Hastings. We're working with the Hastings District Council, Ngāti Kahungunu, Te Taiwhenua o Heretaunga, and with other government agencies.

Next steps for this work will be identified later in 2019.

How we support and deliver services for Māori

Māori are an important part of New Zealand's growing population. Housing is also fundamental to creating a sense of thriving communities. In shaping a platform for change, we are making a commitment to attend to problems and solutions in a way that recognises the partnership between the Crown and Māori.

To be both Treaty-anchored as well as whenua-based means the Ministry needs to truly understand the aspirations and needs of tangata whenua and the people most affected by New Zealand's housing issues.

There are many systemic issues, including barriers to finance for housing on whenua Māori land, planning and consenting impediments to building on papakāinga, and a lack of financial resources and options.

The Ministry has established Te Kāhui Kāinga Ora, a Māori Housing Unit to lead our engagement with Māori and to work collaboratively on design and delivery products, services and advice, for and by Māori. We aim to ensure that a kaupapa Māori framework is at the heart of our approach in everything we do.

The Māori Housing Work Programme is also working across government with Te Puni Kōkiri, and Housing New Zealand to maximise the opportunities and benefits of system-wide response.

Our priorities are to:

- maximise opportunities to partner with Māori and a range of delivery and development housing options
- ensure engagement with Māori across all housing work that impacts upon Māori housing aspirations
- facilitate home ownership for whānau Māori
- ensure that housing design, quality and access to finance options are fully explored for Māori
- prevent and respond urgently to Māori homelessness
- facilitate housing on Māori land.

The Ministry is focused on driving collective outcomes for Māori wellbeing and community development, and through both a localised perspective with mana whenua and whānau Māori.

We also deliver housing under Treaty settlement commitments and relationship agreements through the Land for Housing Programme.



Supporting the Crown's involvement in the Waitangi Tribunal Housing Inquiry

Wai 2750, the Kaupapa Inquiry into claims concerning Housing Policy and Services, is one of the Waitangi Tribunal's kaupapa (thematic) inquiries into issues of pan-Māori or national significance.

Responding to the Inquiry will be a major aspect of the Ministry's work over the next few years. The claims included in the Inquiry cover matters such as the adequacy of housing laws and policies, the provision of Māori housing services, and the impacts of government actions in housing on the health, employment and education outcomes of Māori.

The Ministry is working closely with other government agencies who also have an interest in the Inquiry to prepare for the hearings that will take place. We are also looking at how we might be able to address some of the issues raised by claimants in our work programme and in how we work with iwi, hapū and Māori communities.

OUTCOME: AFFORDABLE HOMES FOR EVERY GENERATION

GOVERNMENT PRIORITIES:

- Building affordable housing through Kiwibuild, to support the creation of thriving, sustainable communities that provide housing choices to meet a wide range of needs.
- Increasing public housing supply.
- Managing demand for housing through changes to tax settings and rules on foreign ownership of residential property.



Improving housing affordability and the Government Build Programme

High housing costs are a key driver of poor housing outcomes.

House prices are increasing faster than incomes and few new affordable homes are being built. Rents are rising too. Declining home ownership has increased competition for rentals, increased rental stress, and in some areas, homelessness. As a result, there is an underlying shortage of affordable homes for many New Zealanders who are looking to either rent or own.

While the overall supply has not kept up with demand, the supply of affordable homes has been even lower.

The Ministry has been working on changes to the Government Build Programme, which were announced on 4 September 2019. The Programme supports a number of housing and urban initiatives to provide housing support to all New Zealanders, including homeless, renters or families who are unable to afford a home.

KiwiBuild is enabling the construction of affordable homes

KiwiBuild's primary objective is to increase the supply of homes at affordable prices for first time, entry-level buyers. It does this by changing what we build, where we build, and how we build.

We work with Housing New Zealand and Homes. Land.Community (HLC) to include KiwiBuild homes in their developments, and by acquiring land through the Land for Housing programme and contracting with developers for homes.

These workstreams enable affordable homes to be built that would otherwise not be built, accelerate the construction of developments, and result in homes being repriced below the KiwiBuild price caps.

KiwiBuild homes built through these workstreams are then offered for sale to eligible KiwiBuild buyers. By de-risking developments, KiwiBuild also increases the supply and accelerates the completion of non-KiwiBuild homes in those developments.

As a growing organisation, KiwiBuild has expanded rapidly to set up systems and hire staff with the variety of skills needed to make the programme function effectively. As at 30 June 2019,¹ KiwiBuild has seen:

- 230 homes built
- 385 homes under construction
- a pipeline of over 10,000 homes established
- the creation of a register of interest enabling communication with 50,000 people.

¹ Data for KiwiBuild homes built or under construction may be subject to change following changes to the Government Build Programme announced on 4 September 2019.

Through the Land for Housing programme, we have acquired land to support around 700 new houses, and by advancing the master planning for 26.5 hectares of land at Unitec, Mt Albert, where it will be possible to deliver between 2,500 and 4,000 homes in partnership with Ngā Mana Whenua o Tāmaki Makaurau. The majority of the Land for Housing programme contracts currently agreed or in negotiation are with iwi developers.

We have also undertaken work to establish an offsite manufacturing procurement process to leverage KiwiBuild's scale to increase the construction sector's capacity and reduce costs. This will enable future growth and scale for the KiwiBuild programme.

While the progress in the completion and sale of homes has been slower than expected, a number of operational improvements and policy changes have been made that have improved the function of the Government Build Programme. The incorporation of KiwiBuild into Kāinga Ora – Homes and Communities in 2019/20 will create opportunities to better coordinate the Government Build Programme and build more homes.

Delivering housing through large-scale projects

One of the key means of the Government delivering on the scale of its public and affordable housing objectives in the medium to long-term is through large-scale housing and urban development projects. In addition to increasing public and affordable housing supply, these projects may help promote urban regeneration, improve urban development outcomes and unlock transport and housing investment.

In 2018/19 the Ministry worked closely with Housing New Zealand and its subsidiary Homes.Land.Community (HLC) to progress a number of large-scale projects, including at Mangere, Mt Roskill and Northcote. In future, many of these projects will be led by Kāinga Ora – Homes and Communities, and may be supported by the legislation that will provide Kāinga Ora – Homes and Communities with access to a toolkit of development powers that help enable development.



OUTCOME: WELLBEING THROUGH HOUSING

GOVERNMENT PRIORITIES:

- Increasing public housing supply.
- Ending homelessness, supported by additional investment in transitional housing and Housing First.
- Modernising the residential tenancy rules to enable greater security of tenure and better reflect the contemporary housing market.



Preventing and reducing homelessness

The Ministry leads the provision of advice on preventing and reducing homelessness, working with key partners including the Ministry of Social Development.

A home to live in is essential to people's wellbeing. A stable and affordable home provides a crucial platform for recovery, employment, education and wider community engagement and participation. The 2013 Census estimates there are 41,000 New Zealanders in severe housing deprivation, and close to ten percent (4,200) of people were without shelter or in uninhabitable housing.

Homelessness is associated with a range of poor social and economic outcomes. Becoming homeless can be a devastating experience and worsen physical health, mental health and addictions. For a family, it can impact on a child's growth and development as it can take children outside of familiar environments and may involve moving schools and school absences, as well as impacting on mental health.

Some people are homeless due to supply and affordability issues (low income and high housing costs), while others face a range of complex issues (such as mental health and addictions, criminal history, and family violence) and may require ongoing support to maintain housing.

Our response to homelessness (such as Housing First, transitional housing, and public housing) has been ramping up significantly and further expansion is planned over the next few years. However, there has been increasing demand for housing and growing expenditure on emergency motel accommodation.

The lack of affordable housing means there are fewer options for people who struggle to access or afford the private market, and people on the margin of the rental market, on low-incomes or benefits, are at risk of homelessness. There also appears to be a reduction in the size of the rental housing stock in many areas.

In the longer term, we need to address issues with housing supply. We need more affordable and appropriate long-term housing, including private rentals and public housing. However, increasing the supply of affordable rental housing and public housing will only provide part of the solution. We will also need a strengthened approach that includes:

- a systems approach that works across traditional government agency and system boundaries, supported by regional and national leadership
- a balanced programme of responses with a greater focus on prevention alongside support, supply, and system enablers
- kaupapa Māori approaches to prevent and respond to Māori homelessness.

Reversing the growth in homelessness will require a phased multi-year approach and ongoing commitment across government, in conjunction with iwi and Māori organisations, people who have experience of homelessness, non-governmental organisations (NGOs), and local authorities. Our vision is to ensure homelessness is prevented where possible, or is rare, brief and non-recurring.

Providing housing support for people in need

The Ministry provides support for people who have the greatest housing needs, by funding the delivery of public housing, transitional housing, and housing related support services to tackle homelessness in New Zealand.

To do this, we partner with Housing New Zealand, community and transitional housing providers, developers, social services, councils and other agencies. From October 2019 Kāinga Ora – Homes and Communities will become the public housing landlord, taking over responsibility for public housing from Housing New Zealand.

Demand for housing support is growing, and there is pressure to deliver a supply of new houses. There are over 12,000 people on the Housing Register; the number of applications as at 30 June 2019 was 41 percent higher than the same time last year and 130 percent higher than the same time in 2017. An increasing number of applicants are in insecure housing: living in camping grounds, in motor camps, or sharing accommodation in often overcrowded conditions.

As at 30 June 2019, there were 69,317 public houses in New Zealand. Our target is to get 6,400 additional public housing places, around 1,600 net additional places per year until June 2022.

GOVERNMENT DEPARTMENT STRATEGY: 2018 PUBLIC HOUSING PLAN

This Plan sets out the Government's plans for increasing public housing supply across New Zealand over the four years to June 2022. It builds on and replaces the 2016 Social Housing Purchasing Strategy, and sets out the Government's plans for responding to the needs of vulnerable people affected by a shortage of housing, and for ending homelessness.

The Plan is a starting point for conversations with the housing sector and any other parties interested in helping us to bring on the additional 6,400 public housing places funded through Budget 2018. We will work with Housing New Zealand and community housing providers to bring on as many additional public housing places as possible within the available funding.

When the 2018 Public Housing Plan was published, Housing New Zealand and Community Housing Providers already had some of the 6,400 places the Plan sought to secure either contracted for, under negotiation, or in their planned delivery pipelines. The Ministry remains focused on working with Housing New Zealand and Community Housing Providers to bring on as many additional public housing places as possible within the current funding allocation.

Transitional housing aims to provide families and individuals with short-term transitional housing arrangements, particularly in high need regions, while longer-term options are sought. It can be delivered faster than public housing and is required as New Zealand's housing demand continues to exceed supply. As we bring on 1,600 additional public housing places per year (until 2022), transitional housing will support people who urgently need housing in the meantime.

While the Ministry's focus remains on funding the provision of housing related support services to help people secure a long-term home and get back on their feet, we know that tenants stay in transitional housing for around 12 weeks or more. In most cases, they receive a further 12 weeks of support services once they have found a more permanent place to live.

The Ministry currently supports more than 50 transitional housing providers across New Zealand. As at 30 June 2019, there were 2,789 transitional housing places. Of those places, 204 were delivered between 1 October 2018 to 30 June 2019. Each transitional place can support up to four households a year.

Funding committed as part of Budget 2019 will enable up to 44,000 families and individuals to be housed over the next four years.

CASE STUDY: CHRISTCHURCH METHODIST MISSION – HOUSING FIRST

In March 2018, Housing First Christchurch opened its doors and has since supported 53 individuals and whānau into permanent housing. The programme is supported by the Ministry and led by Christchurch Methodist Mission, in partnership with Otautahi Community Housing Trust, Comcare Charitable Trust and Emerge Aotearoa, who has been supporting individuals and whānau in Christchurch for over 80 years through a range of community services and social housing.

Housing First Christchurch recently celebrated the one-year anniversary in a home for their first kaewa (as they call their 'clients').

Moving indoors after being on the streets for a long time can be a daunting experience and can take some getting used to. Achieving a year in a house, and having the tenancy renewed for a further 12 months, is a fantastic milestone, and is a testament to the hard mahi done by the Housing First team, and the kaewa themselves – through setting goals and being supported to achieve them.

PARTNERING WITH PROVIDERS

We have continued to engage with housing providers and communities to increase the supply of housing for people in need. This has included partnering with:

Auckland City Mission (ACM), a registered Community Housing Provider, Transitional Housing Provider and a Housing First provider with a long history of working with individuals and whānau who experience homelessness. The Ministry has supported ACM's redevelopment project to deliver 80 one-bedroom public housing units in the Auckland CBD, as well as the management and operations of James Liston Hostel which was recently refurbished and now caters for around 200 tenants per year.

Visions of a Helping Hand Charitable Trust in Rotorua, to provide 45 night shelter places for housing homeless people.

Wellington City Mission to provide funding for a new transitional housing facility in Petone, providing housing for 18 people.

Women's Refuge to provide access to transitional housing for women and women with children presenting as homeless. Across New Zealand, the Refuge provides 100 transitional housing for those in need with support services to help with the trauma of domestic violence against those women and children who have come forward seeking assistance.

The Salvation Army (TSA), one of our largest transitional housing providers. TSA has a strong national presence and provides over 500 transitional housing accommodation places across New Zealand providing support services to those people who are currently housing in the accommodation.

Orange Sky, which enables homeless people to connect with volunteers, through providing a mobile showering and laundry service. Since commencing its operation, Orange Sky New Zealand has helped wash and dry over 15,000kgs of laundry, provided over 1,500 hot showers to homeless people and engaged in over 2,000 hours of conversation with the people using their service.

Launched in 2017, **Housing First** is our primary response for supporting people who have been homeless for a long time or who are homeless and face multiple and complex issues. The initiative recognises it is much easier for people to address issues, such as poor mental or physical health, substance abuse and unemployment, once they are housed.

The Ministry's role in Housing First is to bring together local health and social service providers, housing providers, local government, iwi, and other agencies to develop a localised community response to homelessness.

We already fund Housing First programmes across New Zealand in Auckland, Christchurch, Tauranga, Hamilton, Wellington, Blenheim and Rotorua, and we are working to establish the programme in other regions of high need. We have been working with iwi, providers and stakeholders in Whangarei, Nelson, mid-far North and Hawke's Bay, and plan to roll-out Housing First in these areas in the coming months.

As at 30 June 2019, 1,216 households had been accepted into the programme, with 806 households placed in permanent housing. Of those households placed in permanent housing, 393 have been placed between 1 October 2018 to 30 June 2019.

We are working to increase the Housing First programme to deliver services for more than 2,700 people in high need areas over the next few years.

CASE STUDY: CREATING POSITIVE PATHWAYS TRIAL

People who leave prison with no access to stable housing are at high risk of both homelessness and re-offending. The Creating Positive Pathways initiative is delivered by support service providers and houses and supports ex-offenders reintegrating back into the community.

The trial began in Auckland in August 2018, in Wellington in January 2019 and will commence in areas of the Northland region over the coming months. To date, the Creating Positive Pathways trial has housed and supported 15 people into permanent public housing.

The trial aims to offer 250 public housing places and wrap-around support services to people recently released from prison, along with services to help them stay housed and keep their lives on a positive track. Of those, 125 places are in Auckland, 63 places are in Wellington and 62 places are in areas of the Northland region.

HUD, the Ministry of Social Development and the Department of Corrections work closely together to support the trial, both at a governance and a regional level for each of the programmes in Auckland, Wellington and Whangarei/Northland. This includes joint-facilitation of training for new providers, co-designing the service, weekly reporting, six-monthly governance reports across agencies, and regular inter-agency meetings with the provider.

Regulating Community Housing Providers

The Community Housing Regulatory Authority within the Ministry registers and regulates Community Housing Providers, to ensure their tenants are appropriately housed, and to support the growth of a fair, efficient and transparent community housing sector.

In 2018/19 we have assisted Community Housing Providers with ensuring compliance with current insulation laws and the new Healthy Homes Standards. Four new Community Housing Providers were registered during the year.

This year the Authority has had a particular focus on ensuring compliance with the prescribed Tenancy Management Performance Standards. We have:

- reviewed a sample of all registered Community Housing Providers tenancy agreements to ensure that these were compliant with the Residential Tenancies Act, including not containing unenforceable or unreasonable provisions such as making tenancies contingent on the acceptance of support services
- ensured that registered Community Housing Providers were maintaining a complaints register appropriate to the scale of the housing operations, including complaints being responded to in a timely manner
- ensured that Community Housing Providers were undertaking appropriate tenant engagement, by evaluating the outcomes of tenant surveys, including how these outcomes were reported to the Board.

The Authority continues to engage with Community Housing Providers and to monitor performance to ensure community housing providers are well governed, remain viable, and deliver appropriate housing services to their client group.

The Authority is also continuing to support new applications to grow the community housing sector, and to support kaupapa Māori organisations and Iwi to deliver housing solutions.

Improving the quality of rental homes

Research tells us that New Zealand's rental stock is poorer quality than owner-occupied homes. Given the increasing number of households that now rent in New Zealand, ensuring everyone has a warm, dry rental home is a priority to improving the wellbeing of New Zealanders and their families.

By improving the quality of rental homes, New Zealanders who rent will experience improved health, as well as lower medical costs and lower levels of hospitalisations. Warmer, drier homes are also less likely to have issues with mould or mildew damage, better protecting a landlord's investment.

Working closely with building and industry experts, the Ministry developed five healthy homes standards to make rental properties warmer, drier and healthier. Informed by a robust cost benefit analysis and extensive consultation with tenants, landlords, property managers, advocacy groups, industry providers and the health sector, the standards set minimum requirements for heating, insulation, ventilation, moisture ingress and drainage, and draught-stopping.

HUD received over 1,700 submissions to shape the final standards. The standards were announced in February 2019 and are drafted into the Residential Tenancies (Healthy Homes Standards) Regulations 2019, which became law on 1 July 2019.

Improving the rental environment

Nearly one-third of New Zealand households (604,100) live in a rented property. People are renting for longer, including those with families – an estimated 43 percent of children live in a rented property.

As renting changes from a short-term to a long-term situation, the needs of renters change. Renters need to have stability and security, so they can make and maintain connections in their communities. These connections include being near education and health providers, and social connections.

Not having secure housing arrangements can have a negative impact on physical and mental health, education and employment outcomes.

HUD is supporting the Government's consultation on reforms to the Residential Tenancies Act, consulting on changes in late 2018. The changes cover:

- giving renters more options for tenancy agreements, and greater say over how long their tenancy lasts
- requiring landlord to give 90 days' notice to end a tenancy and to give a specific reason for ending a tenancy
- limiting rent increases to once a year
- supporting landlords and tenants to reach agreements about pets and allowing tenants to make minor property alterations
- improving quality standards for boarding houses and the accountability of operators.

We received over 4,784 submissions on the proposals and have been working with Ministers to develop their preferred policy with the objective of modernising the residential tenancy rules to enable greater security of tenure and better reflect the contemporary housing market. Legislation is expected to be introduced in the first quarter of 2020.

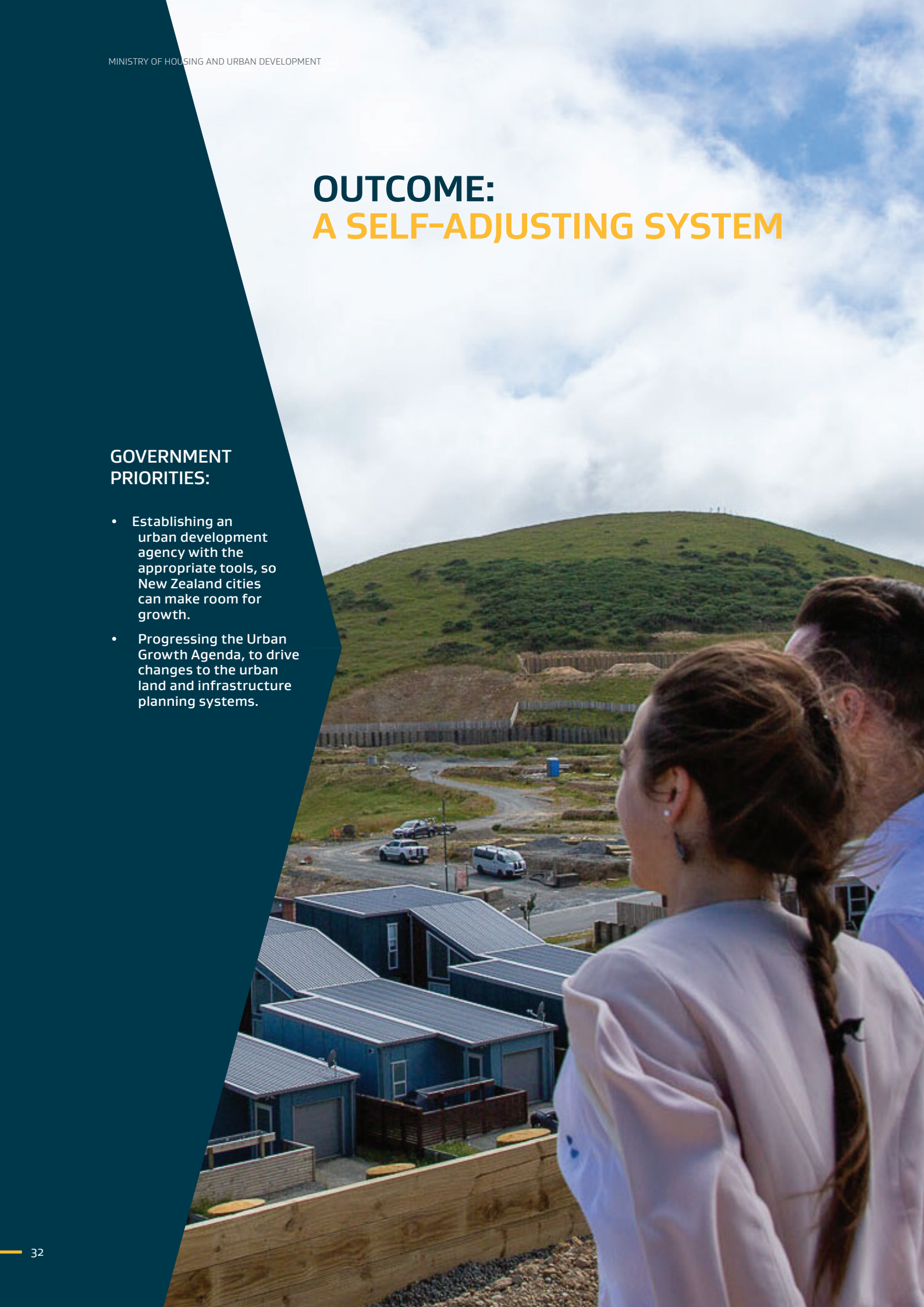
We also supported the Residential Tenancies Amendment Act, which clarified the law in relation to tenant liability for damage, unlawful residential premises and contamination of rental properties (including with methamphetamine).

The changes aim to ensure tenants are incentivised to take care of their rental properties while giving landlords protection over their asset. The changes also promote tenants' wellbeing through housing by ensuring they are living in clean, habitable properties which are lawful for residential use.

OUTCOME: A SELF-ADJUSTING SYSTEM

GOVERNMENT PRIORITIES:

- Establishing an urban development agency with the appropriate tools, so New Zealand cities can make room for growth.
- Progressing the Urban Growth Agenda, to drive changes to the urban land and infrastructure planning systems.



Facilitating urban growth

The Urban Growth Agenda is an ambitious, 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.

The Ministry plays an important role across the Urban Growth Agenda programme, including:

- working closely with the Treasury and the Department of Internal Affairs who are leading the development of alternative infrastructure financing models to enable a more responsive supply of infrastructure
- leading work to understand the wider costs and benefits of urban development, with the Ministry for the Environment
- providing input on the Department of Internal Affairs' work on the better use of existing funding tools and the Ministry of Transport's work on congestion pricing and the future of the land transport revenue system
- working with the Ministry for the Environment to ensure the Urban Growth Agenda work programmes are mutually reinforcing and aligned with wider Government agenda
- leading spatial planning and urban growth partnerships to facilitate pace and scale in urban development, in partnership with local government and iwi.

Partnering with local government

There has been a lack of co-ordination between central and local government about the future growth of New Zealand's major urban centres, and the associated investments in infrastructure. This has resulted in a range of complex issues that affect housing and urban development in New Zealand.

To help address these challenges, the Urban Growth Agenda is focusing on addressing the fundamentals of land supply, development capacity and infrastructure provision. In particular, the Government is seeking to build stronger partnerships with local government as a means of strengthening the role and practice of integrated spatial planning.

As part of the Urban Growth Agenda, we have entered into formal urban growth partnerships with Auckland Council and with the Waikato Future Proof partners for the Hamilton-to-Auckland Corridor. A partnership with Queenstown Lakes is being progressed in response to funding and infrastructure pressures. The Ministry is also engaging with Tauranga-Western Bay of Plenty, the Wellington Region, and Greater Christchurch on urban growth issues.

AUCKLAND PARTNERSHIP

Auckland's population is expected to grow to over 2.4 million people by 2047. The Auckland region will need another 400,000 homes.

Most will be built in existing urban areas, but as much as 40 percent will be on land that is currently undeveloped. For development in these greenfield areas to happen we need investment in infrastructure. We need to make sure people have access to jobs, services and amenities.

This includes investment in transport facilities (rail and bus, roads, cycling facilities and footpaths), water, wastewater, stormwater and community infrastructure. To get there we need all levels of government to work together, and to coordinate and prioritise investment – and enable growth at the right pace and scale.

The Ministry is partnering with Auckland Council on a joint housing and urban programme. This Auckland Partnership is a collaborative approach to urban development, so we can share information, identify opportunities, and overcome barriers to urban growth.

The Auckland Partnership will help deliver priorities in the Auckland Plan 2050 and the Government's Housing and Urban Development work programme. This work will closely align with the Government's wider initiatives – including KiwiBuild, Kāinga Ora – Homes and Communities and the Urban Growth Agenda.

The Urban Growth Agenda is the framework for central government’s role in spatial planning and a driver for much of the urban growth partnership work. However, the partnerships in train are broader than spatial planning. The rationale for central government’s involvement in urban growth partnerships have included:

- aligning infrastructure with urban development and maximising return on capex investment, supporting the Urban Growth Agenda’s Infrastructure Funding and Financing work
- acknowledging that poor investment decisions have national implications (e.g. the economic impacts of Queenstown as a tourist destination)
- facilitating a strategic and long-term approach to urban land use (e.g. protecting future transport corridors)
- encouraging regional connections (between Auckland and Hamilton)
- facilitating a coordinated and systematic approach to development (rather than ad-hoc private plan changes e.g. the strategic development of Pōkeno)
- facilitating urban form that supports mode shift and improved access to labour markets, supporting the transport pricing pillar of the Urban Growth Agenda
- supporting large scale projects: identification of projects; spatial and strategic basis for prioritisation; linking to the wider region.

SPATIAL PLANNING

Improved and integrated spatial planning can better integrate land use and transport planning, provide greater transport access and choice, and create a more responsive planning system, contributing to creating thriving communities with more affordable homes.

The Ministry has been working with the Ministry for the Environment to develop a clear understanding of the benefits of spatial planning and the role it could play in New Zealand to improve the way we plan for and invest in our fast-growing urban areas.

Spatial planning will be included in and integrated with the comprehensive review of the resource management system.

National Policy Statement on Urban Development

As part of the Urban Growth Agenda, we have progressed work on a National Policy Statement on Urban Development (NPS UD), working with the Ministry for the Environment. The NPS-UD is to ensure local authorities enable development capacity for housing and business —through their land-use planning and infrastructure — so that urban areas can grow and change in response to the needs of their communities.

A proposed NPS UD was released for public consultation in August 2019.

Government Policy Statement on Housing and Urban Development

The Government Policy Statement on Housing and Urban Development will equip the Government with a tool to communicate a long-term vision for the housing and urban development system, providing a way of building consensus and aligning participants in the system, both within and outside of Government.

In addition to setting a long-term vision for the system, the Government Policy Statement on Housing and Urban Development will provide specific direction to Kāinga Ora – Homes and Communities, including expectations for how it will partner with Māori and work alongside others to deliver outcomes and build capability in the system.

The Government Policy Statement on Housing and Urban Development will act as a guiding document for what is currently a complex and multifaceted system, providing a clear vision for partners and stakeholders to work towards. In this way, it will need to influence and support change across the range of portfolios and agencies responsible for delivering housing and urban development outcomes in New Zealand.

The Ministry will start engaging with partners and stakeholders on the proposed Government Policy Statement on Housing and Urban Development in late 2019, with the aim to release a draft for consultation in late 2020.



Supporting the establishment of Kāinga Ora – Homes and Communities

The Ministry is leading policy, legislative and operational work to establish Kāinga Ora—Homes and Communities as a new Crown agent with two key roles: being a world class public housing landlord, and working in partnership to enable, facilitate, and deliver housing and urban development projects of all sizes. It will take over functions currently managed by Housing New Zealand, Homes.Land.Community (HLC), and most of the functions of the KiwiBuild unit.

The Kāinga Ora—Homes and Communities Bill is currently going through the legislative process. This Bill is tightly scoped to include only those matters needed to get Kāinga Ora up and running. It establishes Kāinga Ora as a Crown entity on 1 October 2019.

As the public landlord, Kāinga Ora – Homes and Communities will manage tenancies, building, upgrading, and repairing public housing. It will drive urban development to support the increasing numbers of New Zealanders living in cities and towns. It will also ensure Māori interests are protected, and that Māori needs and aspirations in housing and urban development are supported.

Legislation will be introduced later this year to enable Kāinga Ora – Homes and Communities to undertake complex urban developments with greater coordination and certainty. To support these projects, this legislation will give Kāinga Ora – Homes and Communities access to a toolkit of existing development powers that help enable development. This includes shortened planning and consent processes, building and changing infrastructure, funding infrastructure and development activities, putting together parcels of land for development, and reconfiguring reserves.

Kāinga Ora will work with and through others to support industry transformation and leverage private sector capacity, capability and investment – particularly when delivering affordable and market-priced housing. Local government, other government agencies, Māori and mana whenua, infrastructure providers, private developers and community housing providers will be essential partners for Kāinga Ora.

DEVELOPING ORGANISATIONAL CAPABILITY AND FOUNDATIONS

INITIAL ESTABLISHMENT FOCUS

Over 2018/2019 we have focused on implementing strong core foundations for a successful organisation, beyond basic systems.

This foundational work has included setting the Ministry's strategic direction, as well as the leadership and structure needed to perform our system leadership role and achieve our strategic intentions.

We have also focused on core people processes and policies, including recruitment and capability development, and establishing basic systems and property arrangements.

CORE ORGANISATIONAL FOUNDATIONS

Strategy and work programme

From day one, we had a transitional leadership team in place who began work to set and guide the Ministry's strategic direction.

We have a clear purpose and have identified the high-level principles and outcomes that will shape and guide the work we do.

We have developed an integrated Ministry work programme and have identified our own medium-term priorities, informed by government priorities, our organisational strategy and by working with partners and stakeholders.

Leadership and structure

In July 2019 we stood up our new senior leadership team and structure, which reflects the key functions we need to perform as kaitiaki (stewards) of the housing and urban development system. This included the establishment of two areas where we are continuing to build our capability:

- An Insights and Intelligence function to provide insights on what is happening across the housing and urban system, to inform and enable our partners to deliver improved outcomes.
- Te Kāhui Kāinga Ora to lead the Ministry's work to lift housing and urban development outcomes for Māori. Te Kāhui Kāinga Ora is building partnerships between Te Puni Kōkiri and Housing New Zealand.

We also established a team to lead the establishment of Kāinga Ora – Homes and Communities.

Governance and stakeholder focus

As a system leader, we work in collaboration with communities, other government agencies, iwi, and the not-for-profit and private sectors, to set system strategy and implement work programmes to deliver on that strategy. As such, we have instituted a strong focus on stakeholder engagement, with systems and processes in place to proactively manage relationships and coordinate engagement activity across the Ministry.

We have implemented an internal governance model to ensure that the Ministry is working effectively and efficiently, planning strategically, and can lead across system stakeholders. A Risk Advisory Group has also been established, which provides independent advice to the Chief Executive.

People and capability

As a new organisation, we have prioritised recruitment and culture-building within the organisation. This has included a strong focus on diversity and inclusion, and ensuring the safety and wellbeing of our people.

In 2018/19 we appointed people to over 120 roles as we brought on new staff and confirmed internal appointments, while continuing to build our organisational capability. We continued to grow KiwiBuild, recruiting people with a variety of skills necessary to enable the programme to function effectively.

Through the diversity of people and an inclusive approach, we will make better decisions, and achieve the outcomes we seek for New Zealanders. Our gender balance is 52 percent female and 48 percent male.

Generally, across the New Zealand workforce, analysing pay gaps and participation within salary ranges shows the gender pay gap is due to two factors: like-for-like gaps (men and women doing the same work with the same skills but paid differently) and vertical segregation (higher proportion of men in higher paid salary ranges and higher proportion of women in our lower paid salary ranges).

We have undertaken an initial assessment of gender pay equity and when comparing like-for-like roles, our gender pay equity is 0-2 percent for the majority (six of eight) of our salary bands. We are continuing to work with our union to better understand and address the gender pay gap for like-for-like roles. The Ministry had an overall 10.7 percent gender pay gaps as at 30 June 2019 (compared to the public sector gender pay gaps of 12.2 percent as at 30 June 2019). This is due to a higher proportion of men in higher paid salary ranges and a higher proportion of women in our lower paid salary ranges, as set out above.

We have a number of initiatives underway to continuously support and enable diversity and inclusion. This includes actively supporting staff initiatives to connect staff and celebrate diversity within the Ministry. For example, the Ministry's People's Network (an umbrella network that brings together different employee-led initiatives) has been established. These groups are championed by staff, for staff, and sponsored by our leadership team.

We are continuing to build Māori capability across all our people. This includes offering Te Reo Māori courses for all permanent staff, to better enable us to bring a te āo Māori perspective to our work and to act with and for Māori in realising their housing aspirations.

As a people-centred organisation, safety and wellbeing has been a major focus. We have established a Safety and Wellbeing Committee and elected representatives to actively identify and mitigate risks in the organisation. We've established policies on bullying and harassment and domestic violence.

Systems and property

We have built our technology platform and deployed devices to all staff, to enable a more modern way of working. This included educating staff about the use of new productivity and collaboration tools.

We have almost completed the transition to all staff being on the Ministry's technology and devices. We have also implemented a ministry-wide document management system and are currently working on document migration from legacy agencies.

All staff are now located in a Ministry (or co-agency) location, in Auckland and Wellington, following an initial period of being physically located across a range of sites and locations. We expect to be in our long-term Wellington premises by the first quarter of 2020.

NEXT STEPS

Since the Ministry's establishment we have made solid progress in implementing strong core foundations for a successful organisation. The focus for 2019/20 will be on building on what we've achieved to date, to enable us to successfully deliver on our medium and long-term outcomes. The core elements of this work to achieve organisational maturity will be set out in an integrated organisational plan that links to our overarching strategy. A leadership sub-committee has been established to oversee this work.

PERFORMANCE AND FINANCIAL INFORMATION

STATEMENT OF RESPONSIBILITY

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 2019 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 2020 and its operations for the year ending on that date.



Andrew Crisp

Ministry of Housing and Urban
Development

30 September 2019

INDEPENDENT AUDITOR'S REPORT

To the readers of the Ministry of Housing and Urban Development's annual report for the period ended 30 June 2019

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 57 to 77, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period 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 period ended 30 June 2019 on pages 10 to 35 and 43 to 55;
- the statements of expenses and capital expenditure of the Ministry for the period ended 30 June 2019 on pages 88 to 91;
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 79 to 86 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019;
 - the schedules of expenses; and revenue for the period ended 30 June 2019; 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 57 to 77:
 - present fairly, in all material respects:
 - * its financial position as at 30 June 2019; 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 10 to 35 and 43 to 55:
 - presents fairly, in all material respects, for the period ended 30 June 2019:
 - * 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 88 to 91 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 79 to 86 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019; and
 - expenses; and revenue for the period ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

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 Strategic Intentions 2019-2023 and relevant Estimates and Supplementary Estimates of Appropriations 2018/19.

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 3 to 9 and 36 to 39, 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.

The Minister responsible for the Ministry report on relevant non-departmental appropriations that is appended to the Ministry's annual report is not part of the Ministry's annual report. The Public Finance Act 1989 does not require the information in the Minister's report to be audited and we have performed no procedures over the information in the Minister's report.

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 2018/19

POLICY ADVICE AND RELATED OUTPUTS MULTI-CATEGORY APPROPRIATION (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 Tāmaki 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.

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Departmental Output Expenses			
<i>Policy Advice</i>			
Revenue - Crown	15,703	15,703	19,646
Revenue - Departmental	185	141	-
<i>Related Services to Ministers</i>			
Revenue - Crown	1,183	1,183	260
<i>Crown Monitoring Advice</i>			
Revenue - Crown	347	347	432
Total Revenue	17,418	17,374	20,338
Total Expenses	16,867	17,374	20,338
Net Surplus	551	-	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Assessment satisfaction of Ministers annually	Reaching, or exceeding 70%	Survey not completed ¹
Total cost of producing policy outputs per hour	\$155	\$140
Minister is satisfied with the information and advice received supporting their role as shareholder of Crown entities	Achieve	Survey not completed ¹
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	80% ²
Percentage of requests completed within specified or statutory timeframes:		
• Ministerial correspondence	95% or above	97%
• Ministerial <i>Official Information Act</i> 1982 requests	95% or above	98%
• Parliamentary questions	95% or above	99%

During the year, the Ministry responded to 195 ministerial Official Information Act requests. 98% were completed within statutory deadlines.

In addition, the Ministry answered over 3,280 written Parliamentary questions within that time, of which 99% were answered within the agreed timeframes.

KIWIBUILD UNIT

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

How much did it cost?	2019	2019	2020
\$000	Actual	Budget	Forecast
Revenue			
<i>Crown</i>	16,849	16,849	24,250
Total Revenue	16,849	16,849	24,250
Total Expenses	13,314	16,849	24,250
Net Surplus	3,535	-	-

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

² The target is that 73% of briefing notes and Cabinet papers score 7 or better using an independent NZIER review. A total of 20 papers were reviewed for 2018/19.

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Number of greenfield and urban regeneration projects investigated, or due diligence completed.	5	8
Percentage of applications for Buy Off The Plans assessed against the agreed criteria	100%	100%
Percentage of Development Agreements including delivery milestones monitored by the KiwiBuild Unit	100%	100%
Percentage of KiwiBuild purchasers monitored for compliance with minimum home ownership requirements	100%	100%
Percentage of KiwiBuild purchases paid within contractual terms	100%	100%

The Ministry undertook the following work within the KiwiBuild programme:

Greenfield Developments

During the year, 8 sites completed Due Diligence and moved into Acquisition negotiations comprising a total land area of 41.80 hectares.

The estimated yield from these combined sites is 1,606 dwellings, of which 629 are KiwiBuild, 854 open market and 123 Public housing.

Applications for Buy Off The Plans

During the year, two rounds of invitations for proposals were run with 171 applications received.

The KiwiBuild unit undertakes assessments of these proposals against the primary objective of increasing the supply of homes at affordable prices for first time, entry-level buyers. In these assessments, factors taken into account include:

- the developer's track record and financial capacity
- what market demand exists for the product offered
- whether the proposed prices are below the price caps and are market-competitive
- whether the development is in a priority area
- whether the proposed development meets appropriate design standards and aligns with the KiwiBuild brand.

Prior to contracting, Joint Ministers consider each application, supported by advice from both the KiwiBuild Unit and the Treasury.

Of the 171 applications, there are 28 agreed contracts for delivery of KiwiBuild properties, a further 23 still in consideration at year end, and 120 proposals have been declined.

Milestone Monitoring

After the Relationship and Option Agreement is signed, progress with the development is monitored through monthly updates from the developer. This is categorised into broad phases of the development (e.g. resource consent obtained, building consent obtained, construction commenced). It also covers any issues that could materially impact contracted delivery timeframes or contract breaches, including health and safety events or environmental impacts.

In addition, prior to completion a review of marketing plans is undertaken, with marketing and announcement strategies developed prior to selling to the market.

Purchaser Compliance Monitoring

The KiwiBuild unit monitors the KiwiBuild first home buyer's compliance with the requirement to own and reside in their KiwiBuild home over the 12-month Minimum Ownership Period. The KiwiBuild unit utilises a range of sources to monitor compliance including but not limited to monitoring the LINZ property register for changes of ownership and multiple sources of advertising. This monitoring is designed to identify properties where investigation may need to be undertaken.

As at 30 June, 48 KiwiBuild properties had settled and were being monitored for compliance.

KiwiBuild purchases paid to contract

Before the KiwiBuild unit purchases a property on behalf of the Crown through a Buy off the Plan contract, a significant number of steps and checks are undertaken, included but not limited to the below actions:

- verify unsold dwelling notice receipt (underwrite only)
- review Code of Compliance Certificate
- check Practical Compliance Documentation
- review Record of Title
- verify Option Notice received and compliant with contract terms
- verify SPA if applicable
- undertake professional pre purchase property inspections
- conform with all internal compliance procedure related to payments.

Eligible KiwiBuild Buyers

During the year, there were approximately 10,000 applications in the process of becoming eligible KiwiBuild purchasers.

As at 30 June, there are 200 eligible KiwiBuild purchasers who are deemed pre-qualified and able to purchase a KiwiBuild property.

KiwiBuild Ballots

Ballots for KiwiBuild properties may be undertaken when it is evident that demand is likely to be greater than the number of available properties. Successful prospective buyers are notified within one week of the ballot closing.

Land for Housing Programme

During the year, approximately 15,517 hectares of land was purchased under the Land for Housing Programme to the value of \$69 million which is expected to provide around 700 new houses through future development agreements.

KiwiBuild Delivery

As at 30 June, KiwiBuild had contracts for the delivery of 1,950 properties. 1,668 of these were being delivered via the Buy off the Plans programme through either underwrite or outright purchase agreements, 175 are being delivered by Housing New Zealand, and 107 from the Land for Housing programme.

As at 30 June, 230 houses had been constructed and 98 homes have been sold to eligible KiwiBuild buyers some of whom are still awaiting their homes completion.

As at 30 June, the Crown held 50 houses as part of underwriting arrangements and outright purchases.

On 4 September 2019 the Government announced changes to the KiwiBuild programme. This included removing the 100,000 target; allowing KiwiBuild homes to be sold on the open market in certain areas where there is insufficient demand; and reducing restrictions on second chances occupation requirements. The Government also noted it has improved demand analysis and made changes to the KiwiBuild underwrite to ensure a better match of KiwiBuild supply to KiwiBuild demand. This will help ensure KiwiBuild homes are the right home, for the right price in the right place.

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.

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Revenue			
<i>Crown</i>	12,165	12,165	15,263
<i>Departmental</i>	266	1,308	-
Total Revenue	12,431	13,473	15,263
Total Expenses	12,498	13,473	15,263
Net Surplus/Deficit	(67)	-	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Public housing, transitional housing and responses to housing and homelessness will be delivered in accordance with the work programme agreed with the Minister.	100%	100%

During the year the Ministry:

- monitored and managed 61 contracts with 37 providers who delivered 6,383 of the 69,317 Public Housing places
- monitored Housing New Zealand who provide the remaining 62,934 of Public Housing places
- oversaw the addition of 2,178 of new Public Housing places during 2018/19
- monitored and managed 174 contracts with 51 providers who delivered 2,789 Transitional Housing places an increase of 448 places from 2017/18
- monitored and managed nine contracts with support service providers who delivered 518 places for chronic homelessness households through the Housing First programme.

FACILITATING THE REDEVELOPMENT OF SURPLUS CROWN LAND

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

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Revenue			
<i>Crown</i>	2,454	2,454	2,503
Total Revenue	2,454	2,454	2,503
Total Expenses	2,443	2,454	2,503
Net Surplus	11	-	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Compliance with relevant legislation, Government policy and Treaty settlement provisions in relation to acquisition, development and disposal of land.	100%	100%

The Ministry's Land for Housing Programme team identifies vacant or under-utilised Crown-owned land and private land throughout New Zealand that is suitable for housing development and seeks to acquire this land for the purposes of the programme. The team facilitates the construction of dwellings to increase housing supply, in collaboration with Iwi and/or private developers. Once acquired, the land will eventually be sold to a development partner - subject to agreed outcomes around pace and typology. The team conducts due diligence investigations for all identified sites including:

- high level legal reports
- desktop site analysis reporting
- geotechnical investigations
- land contamination investigations
- traffic reports
- infrastructure reports
- bulk & location studies
- financial and design subject matter experts.

These investigations are organised into multiple gateways, and in order for a site to pass a gateway, various criteria must be met by way of a panel assessment.

This appropriation is associated with the Crown Land Development Programme which currently holds 51.706 hectares of land worth \$181.7 million for utilising in providing affordable homes.

During the year, master planning for 26.5 hectares of land at Unitec, Mt Albert has been progressed in partnership with Ngā Mana Whenua o Tāmaki Makaurau. This site is expected to deliver between 2,500 - 4,000 homes.

COMMUNITY HOUSING REGULATORY AUTHORITY

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

How much did it cost?	2019	2019	2020
\$000	Actual	Budget	Forecast
Revenue			
<i>Crown</i>	1,104	1,104	700
Total Revenue	1,104	1,104	700
Total Expenses	1,071	1,104	700
Net Surplus	33	-	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Application for registering of Community Housing providers are processed with 60 working days.	90%	85.7%

The Community Housing Regulatory Authority regulates 47 Community Housing providers who provided 6,309 tenancies for Public Housing, to ensure that their tenants are appropriately housed, and to support the growth of a fair, efficient and transparent community housing sector.

In 2018/19 we have assisted Community Housing providers with ensuring compliance with current insulation laws and the new Healthy Homes Standards.

This year the Community Housing Regulatory Authority has had a particular focus on ensuring compliance with the prescribed Tenancy Management Performance Standards. We have:

- reviewed a sample of all registered Community Housing providers tenancy agreements to ensure that these were compliant with the Residential Tenancies Act, including not containing unenforceable or unreasonable provisions such as making tenancies contingent on the acceptance of support services
- ensured that registered Community Housing providers were maintaining a complaints register appropriate to the scale of the housing operations, including complaints being responded to in a timely manner
- ensured that Community Housing providers were undertaking appropriate tenant engagement, by evaluating the outcomes of tenant surveys, including how these outcomes were reported to the Board.

The Community Housing Regulatory Authority continues to engage with Community Housing providers and to monitor performance to ensure Community Housing providers are well governed, remain viable, and deliver appropriate housing services to their client group.

The Authority is also continuing to support new applications to grow the community housing sector, and to support kaupapa Māori organisations and Iwi to deliver housing solutions.

Seven applications for registration were completed during the year with four new Community Housing providers progressing to full registration. One application was not processed within 60 working days as the Authority worked with the applicant on achievability of meeting the regulatory requirements which led to the application being withdrawn.

ADMINISTERING THE LEGACY SOCIAL HOUSING FUND

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

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Revenue			
<i>Crown</i>	692	692	600
Total Revenue	692	692	600
Total Expenses	31	692	600
Net Surplus/Deficit	661	-	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Effective and efficient administration of the Legacy Social Housing Fund	Achieved	Achieved

We effectively administered the Social Housing Fund (SHF) by:

- monitoring the completion of 4 housing units, taking total completions to 892 additional housing units
- allocating all remaining funding from the 2012-2015 SHF, taking total housing units to be completed to 1,011 units.

CONSENTING IN SPECIAL HOUSING AREAS

This appropriation is limited to the costs of providing resource consenting processes in Special Housing Areas where a Special Housing Area is declared outside a Housing Accord.

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Revenue			
<i>Other</i>	-	3,000	3,000
Total Revenue	-	3,000	3,000
Total Expenses	-	3,000	3,000
Net Surplus	-	-	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Resource consents issued according to statutory timeframes	100%	No Activity for 2018/19.

The Housing Accords and Special Housing Areas Act 2013 provides for the responsible Ministry to exercise an over-ride provision and recommends a special housing area in an area where a Housing Accord has been terminated, or the Crown and Council fail to reach an agreement. No activity has occurred in this appropriation for 2018/19 and the legislation that provides for the establishment of Special Housing Areas was partially repealed on 16 September 2019.

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*.

How much did it cost?	2019	2019	2020
\$000	Actual	Budget	Forecast
Total Expenses	873	1,000	400

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Ministry of Housing and Urban Development's IT infrastructure systems are established	Achieve by 1 October 2018	Achieved by 1 October 2018

The Department was established on 1 October and has spent \$758,000 on core IT systems and devices and \$115,000 on furniture and other office equipment as part of establishment.

NON-DEPARTMENTAL PERFORMANCE

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.

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Non-Departmental Output Expenses			
Purchase of Public Housing Provision	734,739	733,457	1,093,458
Services for People in Need of or at risk of Needing Public Housing	18,012	20,236	37,965
Services Related to the Provision of Public Housing	750	750	900
Non-Departmental Other Expenses			
Support for the Provision of Public Housing Supply	165	48,430	18,274
Total Expenses	753,666	802,873	1,150,597

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
The number of tenancies subsidised by an income-related rent subsidy will be	>62,000	66,253
The number of income-related rent subsidy places contracted from Community Housing providers	>4,500	6,309
The number of income-related rent subsidy places contracted from Housing New Zealand Corporation	>57,500	59,944
The number of contracted chronic homeless households) able to be placed and supported into secure and stable accommodation under the Housing First initiative	500-600	518

During the year, an additional 2,178 public houses were made available through Housing New Zealand Corporation and Community Housing providers, with 1,601 of these housing places being newly built in line with the Government Budget 2018 investment of 6,400 additional places over four years.

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.

How much did it cost? \$000	2019 Actual	2019 Budget	2020 Forecast
Non-Departmental Output Expenses			
Provision of Transitional Housing Places	52,810	50,876	58,762
Transitional Housing Services	34,322	40,645	48,363
Non-Departmental Capital Expenditure			
Acquisition, Development and Construction of Transitional Housing	13,826	61,219	31,737
Total Expenses	100,958	152,740	138,862

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
The number of Transitional Housing places in areas of demand will be between:	2,000 - 2,200	2,789
The total number of Transitional Housing places that receive associated support services will be between:	1,200 - 2,200	2,780
The number of Transitional Housing places that will be acquired, developed or constructed will be between:	165 - 190	90

During the year an additional 204 transitional houses were made available through the use of contracted short-term options and delivery of permanent places. Securing land that is ready to be built on or properties that are suitable for development can take time, as can finalising contracts and settlements, resulting in delays in planned delivery.

At 30 June 2019, there were 18 projects in the pipeline for permanent places where progress or completion had been delayed that are now expected to be completed in 2019/20.

SOCIAL HOUSING PROVIDER DEVELOPMENT

This appropriation is limited to providing support to third party providers of social and/or affordable housing services.

How much did it cost?	2019	2019	2020
\$000	Actual	Budget	Forecast
Total Expenses	2,794	5,428	-

Performance Information

Performance Measure	2018/19 Target	2018/19 Performance
Payments are made to recipients within 10 business days from receipt of a compliant drawdown notice	100%	67%

These payments represent social and affordable housing grants awarded to social housing providers under the Social Housing Fund.

The fund was established to increase the number and diversity of social and affordable housing providers in order to increase choice and contestability, and to grow the total quantum of social housing to meet increasing demand.

Committed Social Housing Fund funding will result in approximately 1,011 new social and affordable units around New Zealand and are paid on completion of milestones within development agreements.

Of the 1,011 units, 892 have been completed to date.

During 2018/19, a total of three payments were made with one payment outside of the 10 business days internal target.

APPROPRIATIONS EXEMPTED FROM REPORTING

Appropriation	Reasons for Exemption
Exemption Under Section 15D(2)(b)(ii) of the Public Finance Act 1989	
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>
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
Impairment of Land held by the Crown for sale	Additional performance information is unlikely to be informative because the appropriation is a technical accounting treatment of the impairment of Crown land.
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.
Exemption Under Section 15D(2)(b)(iii) of the Public Finance Act 1989	
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	
Community Group Housing - Community Housing Rent Relief	
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	
Housing New Zealand Corporation Support Services	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.
KiwiBuild Housing - Multi Year Appropriation (MYA)	
KiwiBuild Operations	
Housing Infrastructure Funds Loans (MYA)	
Vacant or Underutilised Crown Land Programme (MYA)	

FINANCIAL STATEMENTS

for the year ended 30 June 2019

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the period ended 30 June 2019³

	Note	Actual 2019 \$000	Budget* 2019 \$000	Forecast* 2020 \$000
Revenue				
Revenue Crown		50,497	50,497	63,654
Other revenue	2	451	4,449	3,000
Total revenue		50,948	54,946	66,654
Expenses				
Personnel costs	3	31,950	34,765	42,600
Depreciation and amortisation	7,8	78	104	1,002
Capital charge	4	158	190	464
Restructuring costs		278	-	-
Other operating expenses	5	13,759	19,887	22,588
Total expenses		46,223	54,946	66,654
Net surplus and total comprehensive income		4,725	-	-

*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 77).

³ The period ended 30 June 2019 was for 9 months.

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	Actual 2019 \$000	Budget* 2019 \$000	Forecast* 2020 \$000
Assets				
Current assets				
Cash and cash equivalents		15,086	9,591	5,397
Trade and other receivables	6	1,073	-	-
Prepayments		153	-	-
Total current assets		16,312	9,591	5,397
Non-current assets				
Intangible assets	8	90	46	1,004
Property, plant and equipment	7	705	900	4,099
Total non-current assets		795	946	5,103
Total assets		17,107	10,537	10,500
Liabilities				
Current liabilities				
Trade and other payables	9	4,730	4,198	3,761
Return of operating Surplus	11	1,189	-	-
Provisions	10	206	-	-
Employee entitlements	12	1,723	739	739
Total current liabilities		7,848	4,937	4,500
Non-current liabilities				
Employee entitlements	12	123	-	-
Total non-current liabilities		123	-	-
Total liabilities		7,971	4,937	4,500
Net assets		9,136	5,600	6,000
Equity				
Taxpayers' funds	13	9,136	5,600	6,000
Total taxpayers' funds		9,136	5,600	6,000

*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 77).

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

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2019

	Note	Actual 2019 \$000	Budget* 2019 \$000	Forecast* 2020 \$000
Balance as at 1 July		-	-	5,600
Total comprehensive income		4,725	-	-
Capital injections		5,600	8,229	400
Capital withdrawals		-	(2,629)	-
Repayment of operating surplus to the Crown	11	(1,189)	-	-
Balance as at 30 June	13	9,136	5,600	6,000

*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.

STATEMENT OF CASH FLOWS

For the period ended 30 June 2019

	Actual 2019	Budget* 2019	Forecast* 2020
	\$000	\$000	\$000
Cash flows from operating activities			
Receipts from Revenue Crown	50,497	50,525	53,654
Receipts from other revenue	-	4,449	3,000
Payments to suppliers	(9,972)	(30,628)	(35,250)
Payments to employees	(30,741)	(21,704)	(19,938)
Payments for capital charge	(52)	(190)	(464)
Goods and services tax (net)	627	450	(37)
Net cash flows from operating activities	10,359	2,902	965
Cash flows from investing activities			
Purchase of property, plant and equipment	(773)	(1,000)	(3,999)
Purchase of intangible assets	(100)	(50)	(1,160)
Net cash flows from investing activities	(873)	(1,050)	(5,159)
Cash flows from financing activities			
Capital contribution	5,600	7,739	-
Net cash flows from financing activities	5,600	7,739	-
Net increase/(decrease) in cash and cash equivalents	15,086	9,591	(4,194)
Cash and cash equivalents at the beginning of the year	-	-	9,591
Cash at end of year	15,086	9,591	5,397

*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
Net surplus/(deficit)	4,725
Add back non-cash items:	
Depreciation and assets written off	68
Amortisation of intangibles	10
Other non-cash movements	(83)
Movement in non-current employee entitlements	123
Total non-cash items	118
Movements in working capital	
(Increase)/decrease in receivables and prepayments	(1,226)
Increase/(decrease) in payables	4,730
Increase/(decrease) in provisions	1,395
Increase/(decrease) in employee entitlements	617
Net movements in working capital	5,516
Net cash inflow/(outflow) from operating activities	10,359

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

STATEMENT OF COMMITMENTS

As at 30 June 2019

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The Ministry leases premises in the normal course of its business. All operating leases have a non-cancellable leasing period up to 9 months and varying terms, escalation clauses, and renewal rights.

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

The Ministry has no capital commitments.

	Actual 2019 \$000
Non-cancellable operating lease commitments	
Not later than 1 year	264
Total non-cancellable operating lease commitments	264

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

STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2019

Contingent liabilities

The Ministry has no contingent liabilities. Contingent liabilities are disclosed at the point at which the contingency is evident.

Contingent assets

The Ministry has no contingent assets.

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

NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS

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 and it administers in the non-departmental statements and schedules on pages 79 to 91.

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 2019. The financial statements were authorised for issue by the Chief Executive on 30 September 2019.

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 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 PBE accounting standards. These are the first financial statements for the Ministry of Housing and Urban Development as operations commenced on 1 October 2018. Based on this, there is no comparative information provided for these 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 during the financial year. This is the first year of enactment of all policies.

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 (page 73) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Budgeting and forecasting figures

The 30 June 2020 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 approved for issue by the Chief Executive on 16 April 2019. The Chief Executive is responsible for the forecast financial statements, including the appropriations of the assumptions underlying them and all other required disclosures.

The budget figures are those included in the Supplementary Estimates of Appropriations (Budget) for the year ending 30 June 2019.

The forecast figures are those included in the Estimates of Appropriations for the year ending 30 June 2020 (the Forecast is 2019 Budget Economic and Fiscal Update (BEFU 2019) out-year 1 figures).

The 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 2019/20. Events and circumstances may not occur as expected. Factors that could lead to material differences between the forecast financial statements and the 2019/20 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 the BEFU 2019 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
- 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.

Foreign currency transactions

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

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.

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 where 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, or groups of assets, are capitalised if their cost is greater than \$1,000.

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 Expense.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic or service potential associated with the item will flow to the Department and the cost of the item can be measured 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	4 years
Plant and equipment	5 to 10 years
Furniture and fittings	5 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 Expense.

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 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 Expense.

The useful lives of intangible assets have been estimated at 4 years.

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
- 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.

	2019
Long term discount rate	4.30%
Salary inflation rate	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 Expense 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.

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
- costs that are not directly related to a single output are allocated to outputs based on full time equivalent staff 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 liabilities

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

2. OTHER REVENUE

	Actual 2019 \$000
Other revenue	
Revenue from departments	451
Total other revenue	451

Other revenue is derived from mostly exchange revenue.

3. PERSONNEL COSTS

	Actual 2019 \$000
Salaries and wages	20,728
Contract employees	8,639
Contributions to defined contribution and benefit schemes	543
Other Personnel Expenses	705
ACC Employer	20
Increase/(decrease) in employee entitlements	1,315
Total personnel costs	31,950

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 2019 was 6.0%. As this is the first year of operations, the initial capital charge calculation was based on net assets as at 31 December 2018 and prorated over the first 3 months of operations.

5. OTHER OPERATING EXPENSES

	Actual 2019 \$000
Audit Fees	232
Consultancy fees	2,260
Leasing and renting costs	1,140
Legal Fees	1,729
Subscriptions	360
Other operating costs	4,553
Professional services	2,151
Computer operating costs	1,334
Total other operating expenses	13,759

6. TRADE AND OTHER RECEIVABLES

	Actual 2019 \$000
Receivables from departments	1,001
Receivables from third parties	72
Less: provision for doubtful debts	-
Net Receivables	1,073
Monies receivable from the Crown	-
Total trade and other receivables	1,073

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 PBE 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 2019, the Ministry has identified no debtors that are insolvent. Receivables from other Government departments are responsible for 93% of total receivables. 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 ongoing basis, with the result that the Ministry's exposure to bad debts is not significant.

As at 30 June 2019, 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	Total \$000
Balance as at 1 October 2018	-	-	-	-
Additions	658	9	106	773
Balance as at 30 June 2019	658	9	106	773
Balance as at 1 October 2018	-	-	-	-
Depreciation charge for the period	62	1	5	68
Balance as at 30 June 2019	62	1	5	68
Carrying amounts				
As at 30 June 2019	596	8	101	705
As at 1 October 2018	-	-	-	-

Impairment

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

8. INTANGIBLE ASSETS

	Actual 2019 \$000
Cost	
Balance as at 1 October	-
Additions	100
Balance as at 30 June	100
Amortisation and impairment losses	
Balance as at 1 October	-
Amortisation expense	10
Balance as at 30 June	10
Carrying amounts	
As at 30 June 2019	90
As at 1 October 2018	-

Impairment

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

9. TRADE AND OTHER PAYABLES

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

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
Opening Balance	-
Additional provisions made	206
Amounts used	-
Total provisions	206

Restructuring

A restructuring provision of \$206,000 has been recognised for Ministry staff impacted by the Public Housing Review during the 2018/19 year. The final decision was announced on Thursday 13 June 2019. The total restructuring provision as at 30 June 2019 is \$206,000 and the final cost is expected to be paid at the end of July 2019.

11. RETURN OF OPERATING SURPLUS

	Actual 2019 \$000
Net surplus/(deficit)	4,725
Less retention of underspends	(3,536)
Total return of operating surplus	1,189

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
Current portion:	
Salary and wages	526
Annual leave	1,149
Long service leave	43
Sick leave	5
Total current employee benefits	1,723
Non-current portion:	
Long service leave	123
Total non-current employee benefits	123
Total employee entitlements	1,846

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, and
- 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% has been applied and a salary inflation factor of 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 2019 in respect of long service leave benefits is \$165,997. 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 2019.

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	Effect of change
Best Estimate	165,997	
Salary Estimates + 1%	175,491	9,494
Salary Estimates - 1%	157,425	(8,572)
Discount Rates + 1%	157,400	(8,597)
Discount Rates - 1%	175,716	9,719
Withdrawal Rates x 1.2	149,474	(16,523)
Withdrawal Rates x 0.8	186,136	20,139

13. EQUITY

	Actual 2019 \$000
Taxpayers' funds	
Balance as at 1 October	-
Net surplus/(deficit)	4,725
Return of operating surplus to the Crown	(1,189)
Capital contribution from the Crown	5,600
Total equity as at 30 June	9,136

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.

Apart from this one transaction described above, 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 7 Deputy Chief Executives. The Chief Executive's remuneration and other benefits are determined and paid by the State Services Commission.

	Actual 2019 \$000
Salaries and other short-term employee benefits	1,989
Total key management personnel compensation	1,989

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 who are registered bank with a Standard & Poor's credit rating of AA-. This entity has a high credit rating.

At 30 June 2019, 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 2019 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 draw downs 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
2019				
Receivables (see note 6)	1,073	-	-	-
Payables (see note 9)	4,103	-	-	-

The carrying amounts of financial assets and financial liabilities in each of the PBE IFRS9 financial instrument categories are as follows:

	Note	Actual 2019 \$000
Financial assets measured at amortised cost		
Cash and cash equivalents		15,086
Receivables	6	1,073
Total		16,159
Financial liabilities measured at amortised cost		
Tarde and other Payables	9	4,103
Total		4,103

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 2018/2019 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**Personnel Expenses**

Personnel expenses were under budget by \$2.8 million due to lower levels of recruitment related and training costs compared to the high-level assumptions made within the budget.

Other Operating Expenses

Other operating expenses were under budget by \$6.1 million due to some expenditure being demand driven in the Consenting in Special Housing Area and due diligence in the KiwiBuild Unit output classes.

Other Revenue

Other revenue was under budget by \$3 million due to the revenue in Consenting in Special Housing Area being demand driven.

17. CAPITAL MANAGEMENT

The Ministry's capital is its equity, which comprises 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. EVENTS AFTER BALANCE DATE

Kāinga Ora-Homes and Communities Act received Royal Assent on 23 September 2019 which will consolidate Housing New Zealand, its subsidiary Homes.Land.Community (HLC) and parts of the KiwiBuild Unit currently within the Ministry, from 1 October 2019.

NON- DEPARTMENTAL STATEMENTS AND SCHEDULES

for the year ended 30 June 2019

The following non-departmental statements and schedules record the revenue, capital receipts, expenses, assets, liabilities, commitments, and contingent assets 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 2019.

SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the 9-month period ended 30 June 2019

	Actual	Budget*
	2019	2019
	\$000	\$000
Operating revenue		
KiwiBuild Property Sales	14,644	7,100
Gain on Non-Current Asset Held for Sale	33,529	-
Total non-departmental revenue	48,173	7,100

SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the 9-month period ended 30 June 2019

	Actual	Budget*
	2019	2019
	\$000	\$000
Public Housing	753,666	802,873
KiwiBuild Expenses	5,474	17,982
Transitional Housing	87,132	91,521
KiwiSaver HomeStart Grant	61,856	73,699
Other operating expenses	68,702	64,064
GST input expense	16,250	17,474
Total non-departmental operating expenses	993,080	1,067,613

*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 2019

	Note	Actual 2019 \$000	Budget* 2019 \$000
Assets			
Current assets			
Cash and cash equivalents		439,298	-
Prepayments		64,170	-
Trade and other receivables	3	4,138	-
Inventory	5	274,076	297,017
Total current assets		781,682	297,017
Non-current assets			
Investment in Crown Entity		9,349	6,186
Total non-current assets		9,349	6,186
Total non-departmental assets		791,031	303,203

The Ministry monitors a Crown entity, namely 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.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2019

	Note	Actual 2019 \$000	Budget* 2019 \$000
Current liabilities			
Trade and other payables	4	170,527	-
Total liabilities		170,527	-

*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 COMMITMENTS

As at 30 June 2019

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

	Actual 2019 \$000
Non-cancellable operating lease commitments	
Not later than 1 year	17,011
Later than 1 year and not later than 5 years	8,603
Later than five years	-
Total non-cancellable operating lease commitments	25,614

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2019

Contingent liabilities

The Ministry, on behalf of the Crown, had no contingent liabilities.

Contingent assets

The Ministry, on behalf of the Crown, had no contingent assets.

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

NOTES TO THE NON-DEPARTMENTAL FINANCIAL STATEMENTS

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 2019.

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.

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.

Summary of Significant Accounting Policies

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

Revenue

Exchange revenue

Revenue is measured at the fair value of consideration received and receivable. Exchange revenue is comprised mainly of KiwiBuild properties sales and are recognised at the point where the conditions of the sale have been satisfied.

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).

Inventory

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.

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 9 months ended 30 June 2019 and are consistent with the financial information in the Supplementary Estimates.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The forecast financial statements were authorised for issue by the Chief Executive of the Ministry of Housing and Urban Development in April 2019. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

2. EXPLANATION OF MAJOR VARIANCE AGAINST BUDGET

Explanations for major variance from the non-departmental budget figures are as follows:

Schedule of non-departmental revenue

Gain on Non-current Asset Held for Sale was \$33.5 million above budget due an unanticipated transfer of reserve land at Point England, which was then subsequently transferred as part of the negotiations with the Ngāti Paoa's iwi-specific Treaty settlement.

Schedule of non-departmental expenditure

Public Housing Expenditure was lower than budget by \$49.497 million due to delayed negotiations in 2018/19 which impacted the timing of eventual milestone payments.

The KiwiSaver HomeStart Grant expenditure is demand driven. There were less applications received for this than initially anticipated in the forecast.

Schedule of assets and liabilities

Cash and cash equivalents were higher than budget by \$439.3 million due to the timing of vendor payments.

Creditors and other payables were \$170.5 million higher than budget due to the timing of accruals.

Inventory was higher than budget by \$31.8 million mainly due to Land and Improvements being classified as Property, Plant and Equipment at the time the Budget was published. Subsequently, Land and Improvements were reclassified as inventory, and as such Land and Improvements was less than budget by \$54.8 million.

3. TRADE AND OTHER RECEIVABLES

	Actual 2019 \$000
Debtors from non-related parties	4,138
Less: provision for doubtful debts	-
Total trade and other receivables	4,138

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
Trade payables and accrued expenses	170,527
Total payables	170,527

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
Land intended for sale	250,239
Dwellings	23,837
Total inventory	274,076

The Crown purchases (or underwrites) KiwiBuild properties to enable builders and property developers to build more affordable homes, faster, in places where they are needed most. These underwrites are executory contracts that create a legal obligation to the Crown, in the event that the developer cannot sell the property after an agreed number of days after completion, the developer can issue an option notice which enables the developer at their discretion to request the Crown to purchase the properties. The Ministry recognises the underwritten inventory purchases only when the conditions of the underwrite have been triggered and assesses the option price with fair value in comparison with current market prices in the geographical area.

During the period there were 17 option notices served which resulted in 17 purchases. These properties were either subsequently sold within the period with no loss incurred or held on the balance sheet where there is no future loss expected, as it is anticipated these properties will sell at market value. The maximum exposure to the Crown should these underwrites be exercised is \$716 million.

The Ministry has acquired both completed homes and 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.

6. FINANCIAL INSTRUMENTS

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

	Note	Actual 2019 \$000
Financial assets measured at amortised cost		
Cash and cash equivalents		439,298
Trade and other receivables	3	4,138
Total		443,436
Financial liabilities measured at amortised cost		
Trade and other payables	4	170,527
Total		170,527

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.

7. EVENTS AFTER BALANCE DATE

Kāinga Ora-Homes and Communities Act received Royal Assent on 23 September 2019 which will consolidate Housing New Zealand, its subsidiary Homes.Land.Community (HLC) and parts of the KiwiBuild Unit currently within the Ministry from 1 October 2019.

STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE

for the year ended 30 June 2019

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 2019.

STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENDITURE INCURRED AGAINST APPROPRIATIONS

for the year ended 30 June 2019

Annual and permanent appropriations for Vote Housing and Urban Development

	Approved appropriation	Actual	Location of Performance Information ⁴
	2019 \$000	2019 \$000	
Departmental output expenses			
Community Housing Regulatory Authority	1,104	1,071	1
Consenting in Special Housing Areas	3,000	-	1
Facilitating Redevelopment of Surplus Crown Land	2,454	2,443	1
KiwiBuild Unit	16,849	13,313	1
Management of Housing Places, Providers & Services	13,473	12,498	1
Administering the Legacy Social Housing Fund	692	31	1
Total departmental output expenses	37,572	29,356	
Departmental capital expenditure			
Capital Expenditure – Permanent Legislative Authority under section 24(1) of the PFA	1,000	873	1
Non-Departmental output expenses			
Housing New Zealand Corporation Support Services	9,350	6,405	2
KiwiBuild Operations	11,182	2,736	2
Management of Crown Properties held under the Housing Act 1955	1,392	-	3
Total non-departmental output expenses	21,924	9,141	
Benefits or Related Expenses			
KiwiSaver HomeStart Grant	73,699	61,856	3
Total Benefits or Related Expenses	73,699	61,856	
Non-Departmental Other Expenses			
Housing Assistance	869	623	3

⁴ 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:

1. The Ministry's annual report.
2. Minister of Housing and Urban Development in the Vote Housing and Urban Development Non-Departmental Appropriations Report
3. No reporting due to an exemption under section 15D of the Public Finance Act 1989.

Impairment of Land held by the Crown for sale	33,529	33,529	3
Social Housing Provider Development	5,428	2,794	1
Total Non-Departmental Other Expenses	39,826	36,946	
Multi-Category expenses and Capital Expenditure			
<i>Policy Advice and Related Outputs MCA</i>	17,374	16,867	1
Departmental output expenses			
Departmental output expenses			
- Policy Advice	15,844	15,662	
- Related Services to Ministers	1,183	1,060	
- Crown Monitoring Advice	347	145	
<i>Community Group Housing MCA</i>	19,296	19,296	3
Non-Departmental output expenses			
Community Group Housing Market Rent Top-Up	10,418	10,418	
Non-Departmental Other expenses			
Community Housing Rent Relief	3,078	3,078	
Non-Departmental Capital Expenditure			
Acquisition and Improvement of Community Group Housing Properties	5,800	5,800	
<i>Public Housing MCA</i>	802,873	753,666	1
Non-Departmental output expenses			
Purchase of Public Housing Provision	733,457	734,739	
Services for People in Need of or at risk of Needing Public Housing	20,236	18,012	
Services Related to the Provision of Public Housing	750	750	
<i>Non-Departmental Other Expenses</i>			
Support for the Provision of Public Housing Supply	48,430	165	
<i>Transitional Housing MCA</i>	152,740	100,958	1
Non-Departmental output expenses			
Provision of Transitional Housing Places	50,876	52,810	
Transitional Housing Services	40,645	34,322	
Non-Departmental Capital Expenditure			
Acquisition, Development and Construction of Transitional Housing	61,219	13,826	
Total Multi-Category expenses and Capital Expenditure	992,283	890,787	
Total annual and permanent appropriations	1,166,304	1,028,959	

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	Actual
	2019	2019
	\$000	\$000
Appropriation for non-departmental output expense:		
KiwiBuild Housing		
Current year expenses	55,835	96,920
Remaining appropriation	1,984,088	1,943,003
Total Appropriation	2,039,923	2,039,923

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 2020.

	Approved appropriation	Actual
	2019	2019
	\$000	\$000
Appropriation for non-departmental other expense:		
Housing Infrastructure Fund – Fair Value Write Down		
Current year expenses	190,791	-
Remaining appropriation	-	190,791
Total Appropriation	190,791	190,791

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	Actual
	2019	2019
	\$000	\$000
Appropriation for non-departmental Capital expenditure:		
Housing Infrastructure Fund Loans		
Current year expenditure	4,203	10,597
Remaining appropriation	638,621	632,227
Total Appropriation	642,824	642,824

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	Actual
	2019	2019
	\$000	\$000
Appropriation for non-departmental Capital expenditure:		
Vacant or Underutilised Crown Land Programme		
Current year expenditure	-	-
Remaining appropriation	55,354	55,354
Total Appropriation	55,354	55,354

STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

for the year ended 30 June 2019

In the 2018/19 financial year there were no instances of expenses, and capital expenditure incurred without, or in excess of, appropriation or other authority, or outside of the scope of appropriation.

STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS

for the period ended 30 June 2019

The Ministry received \$5.6 million of capital injection for the period to 30 June 2019.

STATEMENT OF DEPARTMENTAL CAPITAL INJECTIONS WITHOUT, OR IN EXCESS OF, AUTHORITY

for the period ended 30 June 2019

The Ministry has not received any capital injections during the year without, or in excess of, authority.

