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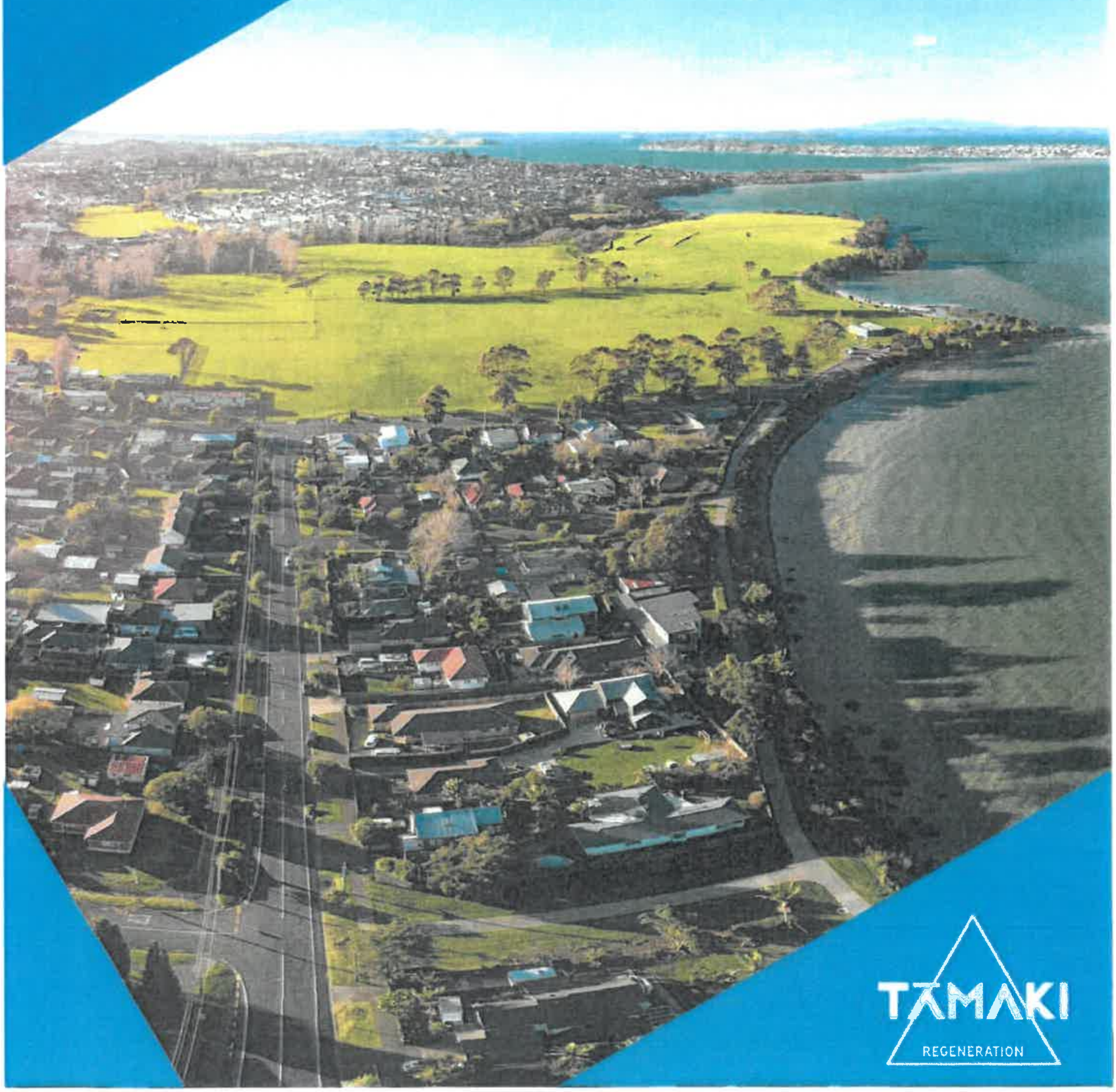
Tāmaki Regeneration Company

Annual Report

2021-2022



TĀMAKI REGENERATION

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PURPOSE OF THE ANNUAL REPORT

In accordance with the Crown Entities Act 2004 and the Public Finance Act 1989, this Annual Report takes the strategic intentions and objectives, and associated performance measures and progress indicators, of TRC Legal Group[1], as set out in the Statement of Intent ("S01") 2021-2025 ("FY21-FY25[2]") and Statement of Performance Expectations ("SPE") 2021-2022 ("FY22"), and publicly states and evaluates our progress and performance against measures and indicators in those documents. This includes both financial reporting (actuals against budgets), noting that this is against the FY22 SPE only, and non-financial-reporting against performance measures and progress indicators contained in both the FY22 SPE and FY21-FY22 SOI.

In providing a consolidated account of our activities and expenditure in FY22, this Annual Report enables our shareholders, Members of Parliament, and the public to hold us accountable for our overall performance during the year. It also allows Parliament to assess and review our performance through the select committee process.

[1] TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. TRC Parent's brand or trading name is Tāmaki Regeneration Company.

[2] Within this document, we refer to the applicable New Zealand public sector financial years, which run from 1 July to 30 June. The number that is affixed to the FY acronym represents the calendar year that the financial year ends in (i.e., the financial year that commenced on 1 July 2021 and concluded on 30 June 2022 is referred to as FY22).

ABOUT TĀMAKI REDEVELOPMENT COMPANY LIMITED

Our mandate

Tāmaki Regeneration (TRC) is a place-based organisation that works alongside Mana Whenua, the community, and our partners, to help shape the future of Tāmaki through an urban regeneration programme that is unique to Aotearoa. Together, we are re-imagining the three eastern Tāmaki Makaurau suburbs of Glen Innes, Panmure, and Point England.

TRC's activities span across four strategic priorities: housing resources; social transformation; economic development; and placemaking. Defining our holistic regeneration is the vision to create a thriving, connected, community which has the resources and capacity to take charge of its own destiny.

The existing communities of Tāmaki are made up of approximately 20,000 residents, with around 35% of residents aged under 25 and approximately 60% of the population identifying as Māori and/or Pasifika. Through the regeneration programme and redevelopment of homes in the area, the 900ha of Tāmaki which is expected to become home to a population of approximately 56,000 people by 2043.

The regeneration programme plans to deliver 10,500 new, warm, and dry public and affordable homes over 25 years. We have a collaborative working partnership with Kāinga Ora, who are responsible for the delivery of new homes for whānau in Tāmaki. So far, we have delivered more than 900 homes through the programme since FY14.

Equity focussed approach

Underpinning our four strategic priorities is a vital focus on making changes or improvements to the system to remove barriers and put in place better ways of supporting people, especially for Māori and Pasifika whānau. Our aim is for Tāmaki to be a living exemplar of Te Tiriti o Waitangi.

Our commitment to supporting Māori and Pasifika whānau in Tāmaki can be seen through the movement of whānau along the housing continuum or into employment opportunities through our Jobs and Skills Hub. This is an important action to honour Te Tiriti o Waitangi in our activities.

We ensure Mana Whenua are recognised and supported in their role as Iwi Whakamaru of Tāmaki. Through the regeneration programme, we build strong partnerships with Mana Whenua, engaging and understanding how we can accelerate their aspirations in Tāmaki.

Place-based and community focussed

As a place-based organisation, we are more able to listen and respond to the needs of the community. Over the course of our regeneration, we have developed rich relationships with the community. We have built linkages through those that work at TRC, those that sit on the TRC Board and with the Community Liaison Committee. This ensures we are close to the voice of Tāmaki.

Building our understanding of the needs, enablers, barriers, and drivers of change for Tāmaki whānau is a critical part of our regeneration. We work with our partners to understand the needs of whānau and design and deliver programmes that are tailored to best support these. We believe this holistic and tailored approach has greater potential to make progress on the broad government objectives of reducing child poverty, raising living standards and wellbeing for families, improving housing affordability, and achieving equity outcomes for Māori and Pasifika whānau.

We continue to work closely with our partners across the public sector, sharing our kaupapa and learnings, so we can make collective progress and help re-shape the social service system, regionally and nationally.

Future vision

To ensure the vision for the future will be enduring, and its impact will span generations, we are further shaping the way we do things. Our ongoing areas of focus include:

- Honouring our commitment to the Te Tiriti o Waitangi.

- Growing our existing partnerships with Mana Whenua and the Tāmaki community.
- Concentrating our investment in programme areas that will support the wellbeing of Tangata Whenua and Tangata Tiriti and improve equity outcomes for Māori and Pasifika whānau in Tāmaki.
- Enhancing the mana of both Mana Whenua and the communities within Tāmaki through enabling mana motuhake (autonomy) so whānau can determine their own futures.

With these principles guiding us, combined with the knowledge of our past work, we will continue to develop the regeneration programme in partnership with the people of Tāmaki to move towards a thriving future by:

- Accelerating housing delivery and developing exemplar regeneration neighbourhoods that deliver better housing, infrastructure, and social amenities, demonstrate the best in urban design thinking, and meet the needs of the diverse Tāmaki community.
- Providing a world-class tenancy management service to public housing tenants in Tāmaki, through our tenancy management services arm, the Tāmaki Housing Association Limited Partnership[3] (referred to throughout this document as "Tāmaki Housing").
- Supporting Kāinga Ora (as the master developer) and our build partners to develop, design, and deliver innovative housing products across the housing continuum, including new public homes and affordable homes.
- Advocating for the acceleration of infrastructure delivery or development which will support local economic development and business growth, especially within the Glen Innes Town Centre and the Tāmaki Employment Precinct.
- Continuing to support Tāmaki locals into education and employment opportunities.
- Continuing to deliver our Whānau-by-Whānau service to support whānau with their immediate kai, housing and debt-relief needs and broader needs, working at both an individual whānau level and a systemic level to tackle the barriers that drive inequity across Tāmaki.
- We continue to assist the Crown with community regeneration across Aotearoa by sharing our latest learnings and ongoing kaupapa.

[3] The Tāmaki Housing Association Limited Partnership is a registered community housing provider that is a wholly owned subsidiary of Tāmaki Redevelopment Company Limited.

OUR YEAR AT A GLANCE

Key achievements:

We continued to deliver a high-quality tenancy management service in Tāmaki which puts people at the centre

- Our tenants told us they were satisfied with our tenancy management service (88.5%).
- We responded within 4 hours to all urgent health and safety queries in our portfolio.

We supported whānau into housing which supports their aspirations

- We delivered 128 houses across the housing continuum which meet the needs of whānau.
- We supported 10 Māori and Pasifika whānau to move along the housing continuum.

We improved the quality of our housing portfolio to ensure we provide safe, healthy, quality homes which support the wellbeing of whānau

- We are ahead of our targets, by the end of this financial year 85% of our housing portfolio is compliant with the Healthy Homes Standards.
- We exceeded our target for this year that measures the overall quality of our housing portfolio.

Alongside our partners, we opened the Tāmaki Innovation Hub and the Kererū Kidney Centre for the Tāmaki community

- With Auckland Unlimited, we opened the Tāmaki Innovation Pilot to activate the innovation network in Tāmaki.
- We opened the Kererū Kidney Centre in Tāmaki with Auckland DHB to make kidney dialysis treatment more accessible for Tāmaki whānau.

We worked in partnership with the community to support whānau and their wellbeing

- We developed the Whānau by Whānau programme to support whānau with their immediate kai, housing and debt relief needs
- We partnered with the community to deliver events, including those to support Tāmaki whānau to get vaccinated.

Key challenges:

We faced challenges to deliver housing within the financial year

- Across the motu, the construction sector faced supply chain challenges and COVID-19 related impacts. As a result, some of our housing delivery was pushed into FY23.

COVID-19 continued to impact the community of Tāmaki

- Necessary lockdowns and public health measures presented a number of challenges across our organisation this financial year. Our priority remained keeping the community safe.

OUR STRATEGIC FRAMEWORK AND MANDATED STRATEGIC PRIORITIES

Our long-term vision is that "Tāmaki is an awesome place to live", and our mahi is guided by four long-term strategic priorities for the regeneration programme.

Our Mandated Strategic Priorities

TRC has been mandated by its shareholders, Crown and Auckland Council, to lead on urban regeneration activity in Tāmaki, focussed on four strategic priorities outlined in our Constitution:

Housing Resources[4]

Optimising the use of land and existing housing stock to effectively support and deliver social and economic results, including better public housing options for Tāmaki.

Social Transformation[5]

Supporting Tāmaki residents and families to gain the skills, knowledge, and employment opportunities to progress their lives.

Economic Development[6]

Strengthening the local economy and unlocking the potential of the Tāmaki area to enable a prosperous community and deliver better value for money to the Crown (with a focus on increasing the return on investment and realising the potential value from state and Council-owned housing).

Placemaking[7]

Creating safe and connected neighbourhoods that support the social and economic development of Tāmaki and its community.

[4] Activity, and associated expenditure, within the Asset Management and Housing Supply subclasses relate specifically to TRL, TRC's asset-owning subsidiary; activity, and associated expenditure within the Tenancy Management subclass relates specifically to the activities of THALP which is consolidated into TRC Group. Actual Output Expenditure for the financial year has been shown separately within the Housing Resources Revenue and Output Expenses Table.

[5] Activities, and associated expenditure, as set out within this output class relates to TRC Group and is reflected in the Revenue and Output Expenses Table.

[6] Activities, and associated expenditure, as set out within this output class relates to TRC Group and is reflected in the Revenue and Output Expenses Table.

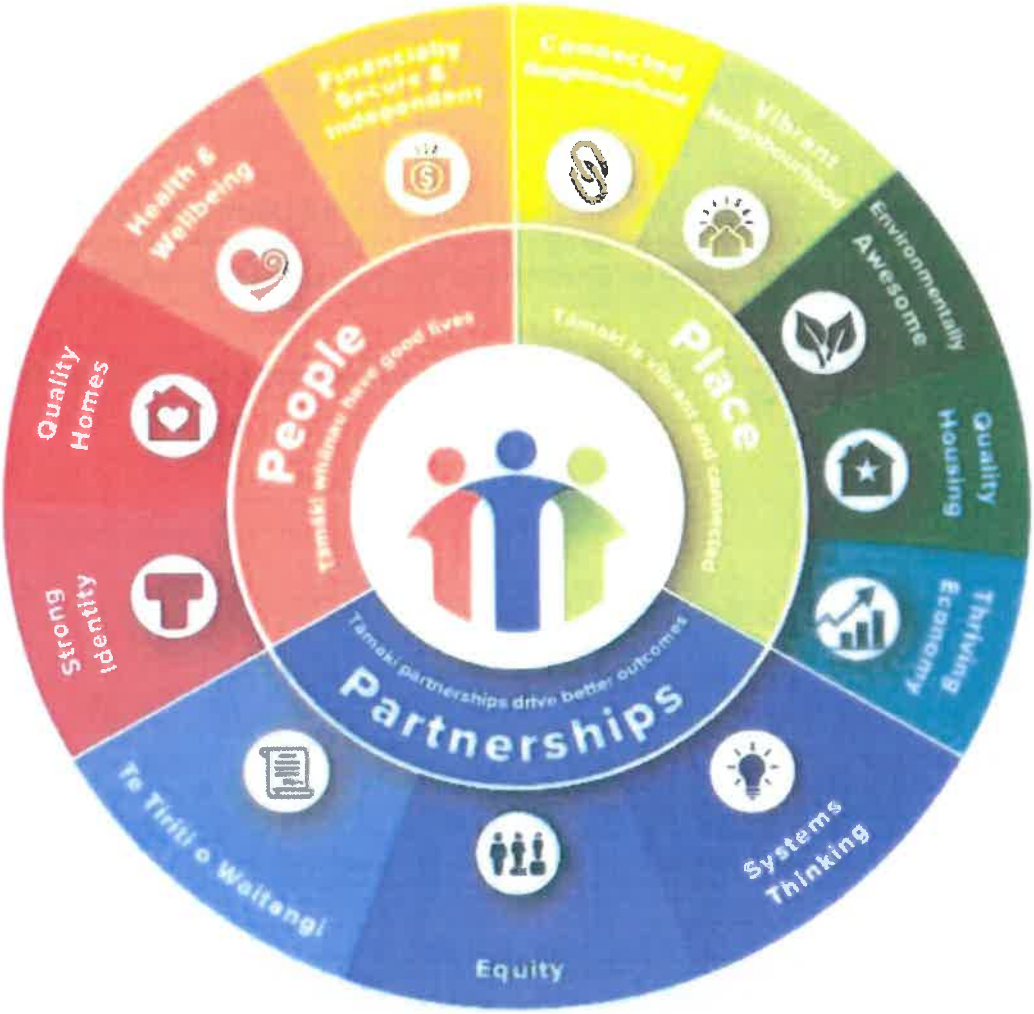
[7] Activities, and associated expenditure, as set out within this output class relates to TRC Group and is reflected in the Revenue and Output Expenses Table.

TĀMAKI SHARED OUTCOMES FRAMEWORK

The Tāmaki Shared Outcomes Framework ("TSOF") outlines the desired impact that the overall regeneration programme aims to have in the Tāmaki community. It seeks to account for that impact and link that impact to activities or inputs. The TSOF also recognises that the regeneration of a community requires collective action and as such, seeks to acknowledge the shared contribution of all partners operating in this community.

This framework groups the intended outcomes into People, Place, and Partnership domains, outlining how high-level conditions (Partnerships) influence the environment (Place), which, in turn, impacts the community (People).

TĀMAKI is a great place to Live, Work, Invest & Play



OUR OVERARCHING STRATEGIC COMMITMENTS

In addition to our four mandated strategic priorities, we have made the decision to call out two overarching strategic commitments that are integral in enabling us to move towards our identified future state for Tāmaki.

These two overarching strategic commitments are:

Te Tiriti o Waitangi

Our vision is for Tāmaki to be a living exemplar of Te Tiriti o Waitangi. We will honour the principles of Te Tiriti o Waitangi in all our actions and ways of thinking. Mana Whenua are partners with the Crown in all decisions regarding Tāmaki and its future. A te ao Māori approach underpins our connections and relationships. We will have deep relationships with Mana Whenua and Māori organisations and businesses that bring benefits for all. Through a te ao Māori approach all other cultural identities and groups will be respected and considered, and their aspirations enabled.

We will honour Te Tiriti o Waitangi and other historical Māori events. Community programmes will be offered frequently to enhance knowledge of tikanga Māori and te ao Māori.

Tāmaki Commitment

A cornerstone of the regeneration programme has been a commitment that we have made to the existing residents of Tāmaki, which we have termed the Tāmaki Commitment: those who wish to stay in Tāmaki will have the opportunity to do so. We always adhere to this commitment throughout the rehousing process.

STRATEGIC PRIORITY – HOUSING RESOURCES

Optimising the use of land and existing housing stock to effectively support and deliver social and economic results, including better public housing options for Tāmaki.

Our objective is to deliver healthy, safe, affordable housing across the housing continuum for whānau in Tāmaki. This year, we exceeded most of our housing resource targets delivering a high-quality tenancy management service and made progress upgrading the quality of our housing portfolio. We delivered housing across the housing continuum, in a challenging operating environment, to meet the needs of whānau.

Tenancy management

The top priority of our tenancy management service is looking after our public housing tenants. We deliver an innovative tenancy management service in Tāmaki that places the wellbeing of our public housing whānau at the centre of all that we do. Our approach is based on a deep understanding of the barriers, enablers, and drivers of change for each public housing whānau. We aim to provide whānau with quality housing and support them to achieve their aspirations.

Tāmaki Housing takes a strengths-based, compassionate, and flexible approach to managing tenancies, acknowledging the need to provide greater support to some whānau, especially considering the impact of COVID-19. This approach is consistent with the Government's directive that public housing providers sustain tenancies recognising prevention is a key focus area as expressed in the **Aotearoa Homelessness Action Plan** (Phase One 2020-2023).

Over the course of the pandemic, we have had to change the way we operate to ensure we keep our tenants safe. This has not been without its challenges. In an environment where face-to-face contact with tenants has had to reduce, we have worked hard to continue to deliver a quality tenancy management service. We have over this period strengthened our non-contact channels including out-bound welfare phone calls, implemented a series of safety protocols, and re-opened our office to tenants once it was safe to do so. These measures, in combination with similar support from our partners, enabled us to maintain our connections with whānau and ensure homes continue to meet our standards.

In this context, we are proud to have met our targets, responding to 99% of all urgent maintenance requests within 4 hours (up from 77% in FY21), while continuing our upwards trajectory of overall tenant satisfaction reaching 88.5% in FY22.

We continued to adhere to the Tāmaki Commitment, that those who wish to stay in Tāmaki will have the opportunity to do so, despite it becoming increasingly complex with challenges to housing delivery and rehousing Tāmaki whānau. To date through the course of our regeneration, we have been able to keep every whānau that wanted to stay, in Tāmaki.

We also met our targets around tenancy management costs and managing tenants' rental debt. This year we improved our performance on process-based measures, for example letting available homes to applicants from the MSD social housing register on average within 4 days (improvement from 7 days in FY20 and 6 days in FY21).

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 TARGET / MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki who are rehoused within Tāmaki.	100%	100%	100%	Met	

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 TARGET / MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
Tenants' overall satisfaction rating for Tāmaki Housing[8].	77%	80%[9]	88.5%	Met	
Rental debt older than 7 days as a percentage of monthly rental income.	2.77%	<8.0%	3.25%	Met	
Tenancy management cost per unit.	$2,071	<$2195pa	$2155.15	Met	
Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	5.8days	<10 Days	4 days	Met	
Percentage of urgent health and safety queries responded to within 4 hours.	99%	95%	99%	Met	

Asset Management

We put people at the centre of our asset and investment strategies, recognising how our assets can support community aspirations. Our strategic and systematic approach to asset management planning ensures that we maximise both financial and non-financial (social and economic) dividends for the Crown and the Tāmaki community over the long-term, while adhering to the overarching principles of the regeneration programme.

We continue to improve the overall quality of our regeneration portfolio through cost-effective planned and responsive maintenance to achieve our desired levels of service across the housing portfolio. We maintain the baseline that all properties will meet the health and safety requirements expected of a public house. Since we established the Condition Grade Index ("CGI") measure in FY19, we have made good progress in improving the overall condition of the portfolio. By the end of this financial year, we exceeded our target, with our portfolio average property condition sitting at 2.35[10]. This continues our improvement year on year, from 2.64 in FY20 and 2.49 in FY21.

Additionally, we made significant progress upgrading our housing portfolio to be compliant with **Healthy Homes Standards**, by the end of this financial year we had 85% of the portfolio compliant. This progress sets us up to have 100% of our portfolio compliant before the legislative deadline of 1 July 2023. We are proud to be

[8] This measure surveys a random sample of Tāmaki Housing tenants, it does exclude tenants which have been identified to have serious issues (i.e., drugs, violence).

[9] This reflects 80% of tenants surveyed rating their overall satisfaction with Tāmaki Housing at 6 out of 10 or higher. In FY22, this measure revised to align with the maintenance satisfaction measure. In previous financial years, it was 80% of tenants surveyed rating their overall satisfaction with Tāmaki Housing at 7 out of 10 or higher.

[10] To assess the overall condition of our properties at a portfolio-level, we use a Condition Grade Index ("CGI") that measures the average condition grade of components, weighted by their gross replacement costs. This encompasses all the components that make up a property and is rolled up to provide an overall portfolio score. If the CGI is less than 2.0, it is likely that the average condition of properties across the portfolio are good to very good. If the CGI is greater than 2.5, then it is likely that properties across the portfolio are, on average, in poorer condition (i.e., progressing to a lower portfolio CGI score reflects an improvement in the quality of our housing stock, at a portfolio-level). Regardless of the CGI, all properties will meet the health and safety requirements expected of a public house.

exceeding these targets in FY22, as we know this means whānau are living in safer, warmer, and healthier homes.

Additionally, we met our targets and continued our year-on-year improvement, with our tenant satisfaction with repairs and maintenance reaching 85% (from 74% in FY20 and 70% in FY21) and our intertenancy void turnaround time sitting at 18 days (down from 30 days in FY20 and 33 days in FY21). We are proud to have met all these targets despite the challenging environment, with public health measures in place and supply chains challenges.

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 TARGET / MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
Portfolio average property condition (CGI).	2.49	**2.39**	2.35	**Met**	
Percentage of customers satisfied with repairs and maintenance.	70%	74%	**85%**	**Met**	
Percentage of lettable homes that are let.	99%	98%	98%	Met	
Average inter-tenancy void turnaround time (vacant to ready-to-let).	33.3 days	20 working days	18 working days	**Met**	
Percentage of portfolio that is compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019.	NA	65%	85%	**Met**	

Housing supply

Housing delivery is the driving force for our regeneration in Tāmaki as we know that safe, affordable, healthy housing has a positive impact on the wellbeing of whānau and its potential to support a whānau to reach their aspirations.

We work closely with our master developer, Kāinga Ora to progress on the Governments **Public Housing Plan 2021-2024** which focusses on driving the supply of diverse housing stock to the Auckland market. Kāinga Ora is accountable for the delivery of new homes in Tāmaki, which will see 2,800 public houses replaced with 3,500 new public houses and 7,000 affordable homes over the course of our regeneration programme in Tāmaki. This supports the Government's objectives to increase housing supply in Auckland, as set in the Public Housing Plan (2021-2024).

We are committed to not just building more homes but building homes that meet the diverse needs of the Tāmaki community. In Tāmaki, this means larger homes that are suitable for Māori and Pasifika whānau. As well as building homes across the housing continuum to support whānau with their unique needs and their aspirations. This means we are building transitional homes for whānau with short term needs through to

TRC has reported NA for measures developed for FY22.

shared home ownership homes which support whānau towards housing independence. This aligns with the direction set in both the **Government's Policy Statement on Housing and Urban Development** (GPS-HUD) and **MAIHI Ka Ora** (the National Māori Housing Strategy).

Across the motu, the environment for housing delivery has been challenging, with supply chain disruptions, shortages of building materials, rising construction costs and construction sites impacted by COVID-19 and worker shortages. In this operating environment, this year, we delivered 45 public homes, 15 shared equity homes and 68 market affordable homes and 6 transitional houses for whānau to move into. The delivery of our Build-to-Rent development and several of our public-housing focussed developments faced delays and were pushed out to FY23.

We acknowledge these challenges in the operating environment. We have put in place several measures to manage these and evolve our approach based on our learnings to accelerate housing delivery. We are working to strengthen our relationship with Kāinga Ora to ensure we can best support them to deliver homes. In FY22, we made two strategic land acquisitions in Glen Innes which significantly change our ability to deliver housing in the near term, while also enabling partnerships opportunities with Mana Whenua (in alignment with **MAIHI Ka Ora**).

Additionally, our Statement of Performance Expectations FY23, outlines key enabling projects which will accelerate our housing delivery, including further strategic land acquisitions and progress on key development sites including 260 Apirana Avenue and Site A redevelopment.

This financial year, we have progressed critical planning for future housing delivery. We did so by supporting Kāinga Ora to finalise the Tāmaki Masterplan Plan which sets out the long-term forecast delivery of new housing stock in Tāmaki and complete the neighbourhood plan for the Glen Innes North West (GINW) neighbourhood. The GINW plan will enable infrastructure upgrades which will support the future increase in population and housing density. This will allow the neighbourhood to progress into the next phase of development, eventually the delivery of new public, affordable, and market affordable houses over the next ten years.

OUTPUT MEASURE / ENABLING PROJECT	FY22 TARGET / MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC[12]	62	45	Not met	Due to COVID-19 impacts, the delivery of the remaining public homes is scheduled for early FY23.
Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC[13]	15	15	Met	
Number of newly constructed build-to-rent pilot units – delivery managed by Kāinga Ora on behalf of TRC[14]	18	0	Not met	Due to COVID-19 impacts, the delivery of this site is scheduled for FY23.
Number of third-party affordable houses delivered across Tāmaki neighbourhoods.	68	68	Met	

[12] These homes are determined 'completed' once the Certificate of Practical Completion has been received.
[13] These homes are determined 'completed' once the Certificate of Practical Completion has been received.
[14] These homes are determined 'completed' once the Certificate of Practical Completion has been received.

OUTPUT MEASURE / ENABLING PROJECT	FY22 TARGET / MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
ENABLING PROJECTS				
Glen Innes North West Neighbourhood Plan	Plan completed.	**Plan completed**	**Met**	

Housing Resources: Revenue and Output Expenses for 2021-2022

The Revenue and Output Expenses as presented below are for the output class Housing Resources, which includes the subclasses of Asset Management, Tenancy Management, and Housing Supply.

REVENUE AND OUTPUT EXPENSES ($000s)	FY22 ACTUAL TRC GROUP	FY22 ACTUAL TRL	FY22 ACTUAL	FY22 BUDGET	DIFFERENCE
Revenue					
Crown	0	47,941	47,941	48,050	-109
Other	20,144	36,112	56,256	35,071	21,185
Total Revenue	20,144	84,053	104,197	83,121	21,076
Expenses	-12,672	-103,511	-116,183	-105,874	-10,309
Net (deficit)	7,472	-19,458	-11,986	-22,753	10,767
Commentary: The budget allocation is on a legal company basis. The $21m variance in Other Revenue includes $10.8m intercompany management fee and $9.25m dividends received in TRC Group which is eliminated in the budget. There is a further $1m increase in other revenue to budget from additional interest received plus a greater share of rent paid by tenants than in rent subsidies. TRC Group expenses includes intercompany management fees.					

Housing Resources: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

This financial year was the first in the four-year period of TRC's Statement of Intent 2021-2025.

Looking after our tenants is our top priority and we deliver an innovative tenancy management service in Tāmaki that places the wellbeing of our public housing whānau at the centre of all that we do. This year, we continued to put people first and deliver a quality tenancy management service. We continued to reach high tenant satisfaction, achieving 88.5% this financial year, as we did in the earlier SOI period (2017-2020). Since FY19, our tenant satisfaction measure has remained above 77%.

We continued to uphold our Tāmaki Commitment, as we have over the course of our regeneration.

We made progress on key indicators around Healthy Homes Regulation compliance and portfolio average quality (CGI) through both regeneration and the provision of cost-effective planned and responsive maintenance. Our CGI of 2.35 follows the continual improvement trend from our last SOI (in FY19 we had a CGI of 2.84, in FY20 it was 2.64 and by FY21 we reached 2.49). This essentially means more whānau in Tāmaki are living in quality, safe, dry, healthy homes.

This year, we delivered 45 public homes, 15 shared equity homes and 68 market affordable homes, 6 transitional houses for whānau to move into. We expected to make greater progress on our housing delivery targets. However, as aforementioned the operating environment has been challenging. The shortfall in our FY22 housing delivery has been pushed into FY23 (the overall forecast unchanged). To support us to reach our SOI targets we have initiated several projects based on our learnings and to accelerate housing delivery (as mentioned in Housing Supply section).

Our performance against medium-term SOI indicators in FY22, is set out in the following table.

MEDIUM-TERM SOI INDICATOR	FY22 TARGET	FY22 ACTUAL	FY23 TARGET	FY25 TARGET
Portfolio average property condition (CGI).	2.39	**2.35**	2.26	1.90
Percentage of portfolio that is compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019 by 1 July 2023.	65%	**85%**	100%	100%
Tenants' overall satisfaction rating for Tāmaki Housing.	80%	**88.5%**	80%	80%
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki that are rehoused within Tāmaki.	100%	**100%**	100%	100%
Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC	62	**45**	38	359
Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC	15	**15**	13	212
Number of third-party affordable houses delivered across Tāmaki neighbourhoods.	68	**68**	188	242

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

Supporting Tāmaki residents and families to gain the skills, knowledge, and employment opportunities to progress their lives.

Part of our holistic regeneration is supporting Tāmaki residents and whānau with skills, employment, and housing independence pathways which support their aspirations and enhance their physical health and holistic wellbeing. We do so with a rich understanding of the needs, enablers, barriers, and drivers of change for Tāmaki whānau. TRC's Social Regeneration Programme, is strongly aligned with the Government's continued focus on reducing child poverty, raising living standards and wellbeing for families, improving housing affordability, and equity outcomes for Māori and Pasifika whānau. This year we exceeded most of our targets in this priority and made progress on our SOI initiatives and targets.

Affordable Housing

Affordable housing is a fundamental part of the regeneration programme, providing a stepping-stone for whānau out of public housing and, ultimately, into home ownership. With our partners at the Housing Foundation, we support whānau to move along the housing continum understanding the positive impact that safe, healthy, secure housing has on the wellbeing of a whānau.

We recognise the challenges whānau face to gain housing independence, so our Pathways to Housing Independence ("PHI") programme in Tāmaki provides whānau with the knowledge and tools to make steps along the housing continuum towards home ownership. In this financial year, we delivered the Own-It financial capability programme to 4 cohorts. Each cohort attends an 8-week programme consisting of 8 workshops. We had 44 whānau complete the programme this year. We also had 332 locals attend the 29 Own-It Information sessions throughout the year. These are developing a pipeline of whānau who are getting mortgage ready and prepared to move into one of our affordable homes in the years to come. As whānau go on this journey, we engage with them to understand their housing needs and aspirations and find the best suited affordable housing for them.

TRC has developed a range of affordable products across the housing continuum that are tailored to meet the needs of Tāmaki whānau and enable whānau to make manageable steps towards home ownership. Products include build to rent, rent to own and shared equity homes. In FY22, 10 whānau progressed along the housing continuum, 5 of which moved into shared home ownership homes. We see our Affordable Housing Programme as an important lever to drive more equitable outcomes for Māori and Pasifika in Tāmaki. We work alongside Mana Whenua (Ngāi Tai ki Tāmaki and Ngāti Pāoa) as we develop our products to ensure they best meet their needs and prioritise Mana Whenua for our affordable homes. This is an important aspect of how we honour Te Tiriti o Waitangi in our activities. This year, we are proud that 100% of the whānau who progress along the housing continuum identified as Māori and/or Pasifika (aligning with the Government's **MAIHI Ka Ora**).

The pace we can move whānau into affordable homes is determined by housing supply and following this, receiving the necessary approvals (i.e., titles) for homes. This year, due to delays, many whānau were unable to settle and will settle on their homes in early FY23. As mentioned earlier, we have commenced a number enabling projects focussed on accelerating housing delivery and have evolved our approach to support us to deliver housing efficiently for whānau.

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
		AFFORDABLE HOUSING			
Number of Tāmaki people who progress along the housing continuum[16].	20	33	10	Not met	Impacted by delayed housing delivery (i.e., 18 Build to Rent units) Whānau are due to move into homes early in the next financial year.
Percentage of people who progress along the housing continuum that identify as Māori or Pasifika	NA[17]	70%	100%	Met	
Number of Tāmaki people who progress along the housing continuum into a shared home ownership product[18].	NA	15	5	Not met	Due to delays with housing delivery and recieving necessary approvals for homes, whānau will settle early in FY23.
Percentage of people who progress along the housing continuum into a shared home ownership product that identify as Māori or Pasifika.	NA	70%	100%	Met	

Jobs and Skills Hub

We operate the Tāmaki Jobs and Skills Hub (the Hub) in partnership with the Auckland Business Chamber to support local people into employment and training opportunities. The Hub's operating model is built on a foundation of manaakitanga, trust, and working with whānau to truly understand their career goals and life aspirations. We foster and deepen connections between industry and talent locally with the intent of developing more diverse employment pathways for Tāmaki rangatahi and jobseekers.

The Hub is an important aspect of our regeneration in Tāmaki. This year TRC and the Jobs and Skills Hub celebrated the milestone of the 1000th Tāmaki local gaining employment. Getting a job supports locals to build their skills and knowledge, to progress towards their aspirations, have good health and holistic wellbeing, and for whānau to develop their financial independence.

This year, the Hub was presented with challenges of COVID-19 lockdowns, economic uncertainty and remaining hesitancy amongst employers and jobseekers. The Hub adapted its approach over the course of the year to ensure it remained accessible to local jobseekers and employees by offering online and over the phone sessions. Additionally, the Hub put in place measures to actively engage with the community, working closely with local providers and community groups and holding evening classes. These measures increased local engagement with the Hub in the latter part of the financial year and by the end of the year the Hub and TRC had placed 179 locals into employment.

[16] Progressing along the continuum, for this measure, is defined by a signed contract (or signed letter of commitment) for entry into an affordable product.
[17] TRC has reported 'NA' on measures that were developed measure for FY22.
[18] Progressing along the continuum, for this measure, is defined by a signed contract (or signed letter of commitment) for entry into a shared home ownership product is received.

Growing a construction-ready workforce was identified by TRC as an area for great potential given the long-term positive impacts of training local candidates to work on local projects and the significant opportunity for training and employment presented by the regeneration programme in Tāmaki. Therefore, the Hub makes an effort to support locals into relevant construction and training opportunities. The challenges the Hub faced in placing locals into employment in other sectors were felt in the construction and apprenticeships areas. Additionally, under COVID restrictions the Hub was unable to engage with local schools as needed to connect with students and school leavers who are a prime cohort for trades training and apprenticeships. Despite this, 22% of the total job placements were into construction related jobs, while 11 locals were placed into apprenticeships, cadetships, or internships during the year.

We see these employment initiatives as an important lever to drive more equitable outcomes for Māori and Pasifika in Tāmaki and an important aspect of how we honour Te Tiriti o Waitangi in our activities. We are proud to have met our target that 70% of locals employed through our initiatives identified as Māori and/or Pasifika.

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
JOBS AND SKILLS HUB					
Number of Tāmaki people who are employed through TRC initiatives[19]	186	200	179	Not met	Despite measures to mitigate impacts of COVID-19 and economic uncertainty, engagement with the Hub slowed and fewer placements were made.
Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika	NA[20]	70%	70%	Met	
Percentage of people who are employed through TRC initiatives into construction-related jobs	NA	25%	22%	Not met	Due to COVID-19-related impacts the sector was less willing and able to place people into jobs.
Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives.	NA	15	11	Not met	Due to COVID-19-related impacts the sector and training providers were less able to provide training opportunities.

Whānau by Whānau

Through our various community activities, we have identified a significant number of whānau who on a day-to-day basis experience numerous challenges. These challenges have been amplified by COVID-19, and in some instances, the process of redevelopment. In response to this, in FY22, working with the Tāmaki community and experts, we established an intensive support service, called Whānau by Whānau. This service is funded by TRC and delivered by Ruapōtaka Marae. Through this partnership, we are proud to have supported 136 people with their immediate needs and 29 whānau with their broader, more complex needs in the first year of the programme.

Exceeding our targets highlights the growing need for a culturally inclusive intensive support service which caters to the complex challenges present in the community, particularly as it relates to kai, housing sustainability, and debt. An evaluation conducted on the first year of the programme's delivery phase found that the holistic and 'do-learn-

[19] This measure is defined as the number of Tāmaki people who have been supported into a sustainable job directly through the Tāmaki Jobs and Skills Hub, or through other TRC-led employment initiatives, such as TRC recruitment (9 in FY22), the Whānau-by-Whānau programme (6 in FY22), local jobs fairs or product accelerator events that bring together employers and potential employees.

[20] TRC has reported 'NA' on measures that were developed measure for FY22.

do' approach within Whānau by Whānau has enabled the service to be flexible and responsive to the evolving needs of whānau. We continue to support this programme into FY23.

Kererū Kidney Centre

In partnership with Auckland DHB, we were pleased to make kidney dialysis treatment more accessible for patients who live in Tāmaki, and neighbouring suburbs by opening the Kererū Kidney Centre in August 2021. The centre, built on TRC owned land, provides self-care dialysis, education about kidney health and information about other health services. The new facility is an important milestone in our holistic regeneration and building healthy communities.

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
		WHĀNAU BY WHĀNAU			
Number of Tāmaki whānau engaging with the Whānau by Whānau service and receiving support for their immediate needs.	NA	100	**136**	Met	
Number of Tāmaki whānau engaging with the Whānau by Whānau service and receiving an intensive support service for their broader needs.	NA	25	**29**	Met	

		ENABLING PROJECTS		
	FY22 MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
Kererū Kidney Centre	Kererū Kidney Centre operational.	**Centre is operational**	Met	

Social Transformation: Revenue and Output Expenses for 2021-2022

REVENUE AND OUTPUT EXPENSES ($000s)	FY22 ACTUAL TRC GROUP	FY22 ACTUAL TRL	FY22 ACTUAL	FY22 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	0	69	69	404	-335
Total Revenue	0	69	69	404	-335
Expenses	-5,911	-90	-6,001	-5,680	-321
Net (deficit)	-5,911	-21	-5,932	-5,276	-656

Commentary: The revenue was not achieved due to delays in completing the build to rent programmes. There were additional personnel costs due to increased engagement with the community through the COVID-19 lockdowns and a focus on engagement with Mana Whenua.

Social Transformation: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

This financial year was the first in the four-year period of TRC's Statement of Intent 2021-2025. The Statement of Intent 2021-2025 outlines the following multi-year initiatives under social transformation; Early Years Hub, Wellbeing Hub, Education Change Plan, Affordable Housing, Jobs and Skills Hub and Whānau by Whānau.

As detailed in our FY22 reporting, we continued to support our Affordable Housing Programme, accumulatively increasing numbers of local Māori and Pasifika whanau participating in the Pathways to Housing Independence programme and number of whanau progressing along the housing continuum.

In FY22, working with the Tāmaki community and experts, we established an intensive support service, called Whānau by Whānau. This service is funded by TRC and delivered by Ruapōtaka Marae. The programme supported the wellbeing of 136 whānau in Tāmaki to achieve whānau ora and to identify and tackle the systemic barriers that drive inequity for Māori and Pasifika families. This year, we supported the wellbeing of those whānau who received support through the programme.

We will continue to accumulatively increase the number of locals into diverse training and employment opportunities through the Jobs and Skills Hub. During FY22, 179 people were employed through TRC initiatives. We see this as an important lever for driving equity outcomes, so aim to have at least 70% of those employed identified as Māori and/or Pasifika, this year we achieved 100%. We continued to focus on construction related jobs and supporting locals into apprenticeships, cadetships, or internships.

Through increased engagement with local community organisations and partners and leveraging our relationships with our construction and maintenance partners, we are confident that we will reach the target of 800 by FY25. We remain connected with our employers to understand their requirements and with our database of hub registrants. Training and upskilling are critical for some industries such as construction, so there is a focus on ensuring vocational and formal training opportunities are available.

These programmes support whānau into skills, employment, and housing independence pathways which support their aspirations and enhance their physical health and holistic wellbeing.

Our performance against medium-term SOI indicators in FY22, is set out in the following table:

MEDIUM-TERM SOI INDICATOR	FY22 TARGET	FY22 ACTUAL	FY23 TARGET	FY25 TARGET
Number of Tāmaki people who are employed through TRC initiatives.	200	**179**	150	800
Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika.	70%	**70%**	70%	**70%**
Percentage of people who are employed through TRC initiatives into construction related jobs.	25%	**22%**	25%	25%
Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives.	15	11	15	60

In this financial year, we prioritised projects that would support housing delivery and planned to progress the remaining multi-year intiaitves (Early Years Hub, Tāmaki Education Change Plan and Wellbeing Hub) later in the SOI period.

STRATEGIC PRIORITY – ECONOMIC DEVELOPMENT

Strengthening the local economy and unlocking the potential of the Tāmaki area to enable a prosperous community and deliver better value for money to the Crown.

Economic development is an integral part of the regeneration programme to ensure that Tāmaki is an area of investment, employment, innovation, and opportunity which provides whānau with the best opportunity to thrive in Tāmaki. We work with partners to support the progression of key initiatives that we believe will have a stimulatory effect on the economy, support business growth, drive inward investment, and create employment opportunities for locals. This year we made progress on key initiatives.

We have been working closely with our partners, including the Glen Innes Business Association, Maungakiekie-Tāmaki Local Board, and Auckland Council, to develop and revitalise the Glen Innes town centre. A significant milestone for the broader Glen Innes Town Centre Revitalisation programme and Tāmaki Employment Precinct Programme during FY22 was the development of a commercial property in the heart of the town centre. The space has been developed to be the Tāmaki Innovation Hub Pilot, an artist in residence space and an eatery on the ground floor. During FY22, we were able to have the building partly operational. We expect that this development will attract people to visit the town centre, have a stimulatory effect on the economy as well as attract greater investment in the town centre.

The Tāmaki Innovation Hub is a key initiative to support our regeneration. It provides a physical centre for local innovation and collaboration, to support and enable the existing of young, talented Māori and Pasifika innovators and entrepreneurs in Tāmaki. Having a physical space helps activate the innovation network in Tāmaki and connect it to the wider Tāmaki Makaurau ecosystem. In addition, the Hub will help demonstrate that Tāmaki is a desirable location for both current and future businesses.

Despite disruptions due to Covid-19, we opened the Hub pilot with our partners, ESTBLSHD[21] and Tātaki Auckland Unlimited in FY22. Since the pilot commenced in April, 20 local innovators and entrepreneurs registered as users of the Hub, 13 events and activations have been held there, and one business has reported growth in their enterprise as a direct result of services provided through the Hub. The 18-month Pilot will continue to support local entrepreneurs and innovators into FY23.

It is important that we maintain momentum on the Glen Innes Town Centre Revitalisation programme, so during FY22 TRC acquired a site (260 Apirana Avenue) identified in the Glen Innes Revitalisation Plan as a key catalyst location. This site provides opportunities to enhance the existing offerings and amenities, support further economic development in the town centre and enable the acceleration of our housing delivery.

Consistent with the Government's good-faith, and collaborative approach to Māori-Crown relationships, and our Te Tiriti o Waitangi obligations, we actively pursued opportunities for commercial partnerships with Mana Whenua and Māori entities and businesses in Tāmaki. This has included partnering with Mana Whenua on sites in the Glen Innes Town Centre which were identified in the Tāmaki Masterplan.

These initiatives are delivering new, diverse uses into the town centre, consistent with our objectives to create thriving, attractive, and sustainable town centres. This will support our broader regeneration in Tāmaki and enable whānau to benefit from greater economic opportunity and prosperity, while supporting government objectives including **accelerating our recovery** from COVID-19 and facilitating **innovation**.

[21] ESTBLSHD is a collective of local Māori and Pasifika innovators and entrepreneurs.

Economic Development: Performance against 2021-2022 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY22 MILESTONE	FY22 ACTUAL	STATUS	COMMENTARY
Number of local innovators and entrepreneurs that register as users of the Tāmaki Innovation Hub	20	**20**	Met	
ENABLING PROJECTS				
Glen Innes Town Centre Activation.	Line Road Building open and operational.	Building partially open and operational	**Partially met**	Partially met as the Innovation Hub is operational however, the eatery on the ground floor due to construction delays will not be operational until early FY23.
Tāmaki Innovation Hub Pilot.	Pilot operational	Pilot operational	**Met**	

Economic Development: Revenue and Output Expenses for 2021-2022

REVENUE AND OUTPUT EXPENSES ($000s)	FY22 ACTUAL TRC Group	FY22 ACTUAL TRL	FY22 ACTUAL	FY22 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	0	77	77	139	-61
Total Revenue	0	77	77	139	-61
Expenses	-1,245	-131	-1,376	-1,143	-233
Net (deficit)	-1,245	-54	-1,299	-1,005	-295
Commentary: The negative variance on other revenue is due to the delayed opening of the Innovation Hub. Expenses are higher than budgeted due to unplanned building outgoing costs on the Line Road Project.					

Economic Development: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

This year, we have made significant progress on the two initiatives outlined in TRC's Statement of Intent 2021-2025 for economic development; Glen Innes Town Centre Activation and Tāmaki Innovation Hub Pilot. As mentioned, we made progress on Glen Innes Town Centre Activation through the development of the Tāmaki Innovation Hub, artist in residence space and eatery during FY22. Additionally, we made a strategic land acquisition of a catalyst site in the town centre which will support further activation of the town centre. The Tāmaki Innovation Hub Pilot is now operational providing a physical centre of gravity for local innovation and collaboration and over the course of the 18-month pilot the Hub will support more entrepreneurs. These projects are key to developing a diverse, mixed use town centre which provides employment opportunities and supports economic growth in the area.

STRATEGIC PRIORITY – PLACEMAKING

Creating safe and connected neighbourhoods that support the social and economic development of Tāmaki and its community.

Our vision is that Tāmaki has connected and vibrant neighbourhoods and local whānau have a strong Tāmaki identity. In this financial year, we continued to partner with Mana Whenua, a range of public and private sector organisations and the Tāmaki community to design and deliver on our Tāmaki Precinct Masterplan Implementation Plan.

Our neighbourhood design process is important to ensure that Tāmaki is connected, physically through transport infrastructure, upgraded parks, reserves, cycleways, and walkways, and socially through friendly, welcoming neighbourhoods which support community cohesion and high-quality community facilities and amenities that meet the needs of the diverse population in Tāmaki. In FY22, the Glen Innes Northwest neighbourhood plan was completed and final engagement on it commenced. This plan will unlock approximately 1300 homes, will support increased diversity and density of housing in Tāmaki and enable progress on key moves in the Masterplan.

We will assess our neighbourhoods using the Quality Neighbourhood Framework (QNF) to ensure they are delivering on our desired outcomes and those outlined in the Tāmaki Masterplan. We are continuing to run a quality engagement process with Mana Whenua and the Tāmaki community on four completed neighbourhood plans. Following this, our designs will be assessed against the QNF during FY23.

Our placemaking programme complements these physical moves by delivering events and activations bringing new and existing spaces to life with the community. We continued this year to put the health and safety of the community first, delivering activations that bring spaces to life and allow whānau to explore Tāmaki safely. These activations play an important role in our regeneration building cohesive and thriving communities as well as enabling and supporting local community groups to scale their activities.

During FY22, we successfully delivered five placemaking events and activations in Tāmaki. We contributed to the Whales Tales event, connecting Panmure and Glen Innes with the rest of Tāmaki Makaurau and encouraging Aucklanders to visit Tāmaki. We partnered with Mana Whenua on the Po Ora Project (pictured on the right), which aimed to raise awareness about Glen Innes' waterways. While we continued to run events that we know create a sense of community and uphold the abundant culture in Tāmaki.

During FY22, TRC developed an Environment Strategy aiming to revitalise te taiao (the environment) in Tāmaki. The Strategy was developed in partnership with Mana Whenua and guided by their aspirations for the environment in Tāmaki. It sets the direction for TRC's to revitalise te taiao in Tāmaki over the next 10 years and support TRC to progress broader government objectives in Tāmaki. The Strategy includes actions to meet climate targets, improve biodiversity, reduce waste, shift to low-emissions transport and preserve cultural landscapes.

This financial year, we worked with a range of stakeholders who share a commitment to the public health and social wellbeing of Tāmaki residents to coordinate, resource, fund, and support community-led vaccination initiatives. There are significant equity issues in the Tāmaki community, which means that COVID would have a significant impact on the health and wellbeing, in particular of THA tenants with significant logistical and financial implications for TRC. This significant and unique collaboration increased vaccination rates through community led communications and keep whānau safe through COVID-19.

We continued our work with the Community Liaison Committee to build their understanding of Te Tiriti, and social housing operations and governance. This continued work sets to build the capacity of our community leaders so they may be meaningfully involved in the regeneration processes in Tāmaki and shape the way we work.

Placemaking: Performance against 2021-2022 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY21 ACTUAL	FY22 TARGET	FY22 ACTUAL	STATUS	COMMENTARY
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework ("QNF")[22].	NA[23]	100%	NA	**NA**	Neighbourhoods have not been assessed against the QNF yet. Four neighbourhoods will be assessed during FY23.
Number of events and activations delivered directly by TRC or in conjunction with partners.	11	5	**5**	**Met**	
ENABLING PROJECT		FY22 TARGET	FY22 ACTUAL	STATUS	COMMENTARY
Tāmaki Environment Strategy		Strategy completed	Environment Strategy completed	**Met**	

Placemaking: Revenue and Output Expenses for 2021-2022

REVENUE AND OUTPUT EXPENSES ($000s)	FY22 ACTUAL TRC GROUP	FY22 ACTUAL TRL	FY22 ACTUAL	FY22 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	0	14	14	4	11
Total Revenue	0	14	14	4	11
Expenses	-2,175	-22	-2,197	-2,701	504
Net (deficit)	-2,175	-8	-2,182	-2,698	515
Commentary: The positive variance is due to personnel costs and consulting costs for placemaking projects and living streets project being lower than budgeted.					

Placemaking: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

The two multi-year initiatives outlined in TRC's Statement of Intent 2021-2025 for placemaking include implementing the Tāmaki Precinct Masterplan and develop an Environment Strategy. As mentioned, the Environment Strategy was completed in FY22. We continue to partner with Mana Whenua, a range of public and private sector organisations, our design and build partners, and the Tāmaki community to design and deliver on our Tāmaki Precinct Masterplan Implementation Plan. Actions in this financial year, include supporting the Community Art Project titled Pou Ora and developing new neighbourhood plans which will unlock new development in Tāmaki.

[23] TRC has reported 'NA' on measures that were developed measure new for FY22.

Our performance against medium-term SOI indicators in FY22, is set out in the following table. As mentioned, no neighbourhood plans were assessed in this financial year. Four of the seven neighbourhoods within the Tāmaki Precinct Masterplan will be assessed against the Quality Neighbourhood Framework next financial year.

These activities are key to ensuring that our regeneration is collaborative, that it meets the needs of the Tāmaki whānau and supports social cohesion and vibrant communities.

MEDIUM-TERM SOI INDICATOR	FY22 TARGET	FY22 ACTUAL	FY23 TARGET	FY25 TARGET
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework	100%	NA	100%	100%

COMPANY DISCLOSURES

The below disclosures are required under the Crown Entities Act 2004 and the Companies Act 1993 and are for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group), unless (and where specified) disclosures are required by one of the individual entities that make up TRC Legal Group.
TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).
TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. TRC Parent's brand or trading name is Tāmaki Regeneration Company.

Changes to the composition of the Board during the year

The Board of Directors for all entities within the TRC Legal Group as at 30 June 2022 consisted of the following members:

- Evan Davies (Chair)
- Dr. Susan Macken (Deputy Chair)
- Diana Puketapu
- Kerry Hitchcock
- Madhavan Raman

During the 2022 financial year, there were no changes to the composition of the Board:

Schedule of Board meeting attendance

The governance for TRC Legal Group is conducted by the Board of TRC Parent. The total number of TRC Parent Board meetings held in the last financial year was 10.

DIRECTOR	NO. OF MEETINGS ATTENDED (during the year out of a possible 10)
Evan Davies (Chair)	10
Dr. Susan Macken (Deputy Chair)	9
Diana Puketapu	10
Kerry Hitchcock	10
Madhavan Raman	10

Board and committee remuneration

The Boards of TRL and THAGP received no remuneration during the year. The Board of TRC Parent received a total of $228k remuneration during the year, the breakdown of which can be found in TRC Group's financial statements on page 47.
There have been payments of $9k made to committee members appointed by the Boards of the entities that constitute TRC Legal Group who were not Board members during the financial year.

Company secretary

Simpson Grierson, 88 Shortland St, Auckland Central.

Principal activities

The principal activities of TRC Legal Group during the period were:
- Tenancy and property management (THALP)
- Development of new social and private housing (TRL)
- Social and economic regeneration activities (TRC Parent)

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the TRC Legal Group during the 2022 financial year.

Directors' interest in transactions and interests register changes
No directors' interests in transactions declared in any entity of TRC Legal Group. The full interest registers of the Board of TRC Parent, TRL and THAGP can be found on pages 29 to 30. Note, the members of all three Boards are the same at year-end.

Indemnification and insurance of directors and officers
During the period TRC Parent purchased insurance to cover all directors, officers and employees of all entities in the TRC Legal Group. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $5 million. The indemnity period runs from 30 September 2021 to 30 September 2022.
The total amount of insurance premium paid was $25k.

Employee salary band information
There are 42 employees of TRC Legal Group who earn a salary of more than $100,000. The breakdown of these employees into bands of $10,000 each is provided in the financial statements of TRC Group on page 46.

Good employer compliance
TRC Legal Parent has met its obligations to be a good employer and has adhered to the equal employment opportunities programme. A wellbeing programme operated during the year, enabling employees to be proactive and responsive to their individual health and wellbeing needs.

Donations
There were no donations paid by any entity in the TRC Legal Group during the year.

Audit fees
TRC Legal Group paid to Audit New Zealand the following amounts during the year:
- fees for the audit of financial statements of $304k; and

The breakdown of these audit fees by entities that make up the TRC Legal Group can be found in the entities' respective financial statements contained within this Annual Report.

Company Directories for the Board

BOARD MEMBER	ENTITY	RELATIONSHIP
Evan Davies (Chair)	Capital Investment Committee	Chair
	Hospital Redevelopment Partnership Group	Chair
	Executive Steering Group New Dunedin Hospital	Chair
	Melanesian Mission Trust Board	Trustee
	Anglican Trust for Women and Children	Trustee
	Todd Property Group Limited (and all Todd subsidiaries)	Director
	Auckland Arts Festival	Trustee
	Flinders Mines	Director
	Auckland City Mission	Trustee
	Tāmaki Redevelopment Company Limited	Chair
	Tāmaki Regeneration Limited	Chair
	THA GP Limited	Chair
	BBIG Group	Director
Dr. Susan Macken (Deputy Chair)	Tāmaki Redevelopment Company Limited	Deputy Chair

	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	STG Limited	Director and Shareholder
	Blossom Bear Limited	Director and Shareholder
	Private Accounting Trustee Limited	Director and Shareholder
	Spa Electrics Pty Limited (an Australia-based company)	Chair
Diana Puketapu	Manawanui Support Limited	Director
	Ngāti Porou Holding Company Limited	Director
	Napier Port Holdings Limited	Director
	NZ Cricket	Director
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Ngāti Porou Berries Limited	Director
	New Zealand Olympic Committee	Member
	Port of Napier Limited	Director
	DNA Design	Director
	Trade Window Holdings Limited	Director
Kerry Hitchcock	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Haven Living Management Limited	Director
	Haumaru Auckland Limited	Director
	Charta Funds Management Limited	Director and Shareholder
	Fidelta Group Limited	Director and Shareholder
	Northcote Rd 1 Holdings Limited (Smales Farm)	Director
	Lakefront Trustee Limited	Director
	Lakefront Investments Limited	Director
	Warkworth Development Limited	Director
	Proventus Group Limited	Director
	Neighbourhood Holdings Limited	Director
Madhavan Raman	Aiyappan Family Trust	Trustee
	Six Em Family Trust	Trustee
	Walsh Trust (West Auckland Living Skills Home Trust)	Trustee
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
Financial Statements
For the year ended 30 June 2022

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TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2022

We are responsible for the preparation of Tāmaki Redevelopment Company Limited Group's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Redevelopment Company Limited Group's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 81 to 88 of this Annual Report.

We are responsible for any end of year performance information provided by Tāmaki Redevelopment Company Limited Group under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Redevelopment Company Limited Group for the year ended 30 June 2022.

Signed on behalf of the Board:

Director
30 November 2022

Director
30 November 2022

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Revenue				
Management fee income	2	10,880	12,745	11,074
Dividend received		9,250	13,000	5,747
Other income		2	150	54
Total revenue		**20,132**	**25,895**	**16,875**
Expenditure				
Personnel costs		13,491	13,165	10,693
Consultants and professional fees		3,558	4,584	3,742
Contractors and temporary staff		51	120	71
Directors fees	12	237	313	213
Management fee expense		206	1,445	255
Utilities and insurance		114	101	84
Other expenses	3	4,239	4,227	4,584
Total expenditure		**21,896**	**23,955**	**19,642**
EBITDAF*		**(1,764)**	**1,940**	**(2,767)**
Depreciation and amortisation expense	5,6	107	96	121
EBIT		**(1,871)**	**1,844**	**(2,888)**
Interest income		12	0	9
Interest expense		0	0	0
Net interest income		**12**	**0**	**9**
Surplus for the year		**(1,859)**	**1,844**	**(2,879)**
Total comprehensive revenue and expense		**(1,859)**	**1,844**	**(2,879)**
Surplus for the year attributable to:				
Crown		(1,097)	1,088	(1,699)
Minority interest (Auckland Council)		(762)	756	(1,180)
Surplus for the year		**(1,859)**	**1,844**	**(2,879)**
Total comprehensive revenue and expense attributable to:				
Crown		(1,097)	1,088	(1,699)
Minority interest (Auckland Council)		(762)	756	(1,180)
Total comprehensive revenue and expense		**(1,859)**	**1,844**	**(2,879)**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		3,308	6,353	5,592
Trade and other receivables	4	561	524	540
Total current assets		**3,869**	**6,877**	**6,132**
Non-current assets				
Property, plant and equipment	5	268	162	297
Intangible assets	6	0	656	3
Total non-current assets		**268**	**819**	**300**
Total assets		**4,137**	**7,696**	**6,432**
Liabilities				
Current liabilities				
Creditors and other payables	7	13,651	12,225	14,391
Annual leave liability		971	558	667
Total current liabilities		**14,622**	**12,783**	**15,058**
Total liabilities		**14,622**	**12,783**	**15,058**
Net assets		**(10,485)**	**(5,087)**	**(8,626)**
Equity				
Ordinary shares - Crown		5,000	5,000	5,000
Ordinary shares - Auckland Council		3,500	3,500	3,500
Accumulated (deficit)		(18,985)	(13,587)	(17,126)
Total equity	8	**(10,485)**	**(5,087)**	**(8,626)**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 30 November 2022.

Director
30 November 2022

Director
30 November 2022

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Balance at 1 July		**(8,626)**	**(6,931)**	**(5,747)**
Total comprehensive revenue and expense				
Surplus for the year		(1,859)	1,844	(2,879)
Total comprehensive revenue and expense		**(1,859)**	**1,844**	**(2,879)**
Owners' transactions				
Capital contribution		0	0	0
Repayment of capital		0	0	0
Total contributions and distributions		**0**	**0**	**0**
Balance at 30 June	8	**(10,485)**	**(5,087)**	**(8,626)**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Cash flows from operating activities				
Management fee income		11,731	11,300	16,168
Receipts from other revenue		2	150	183
Interest received		12	0	9
Payments to suppliers		(10,796)	(10,606)	(7,808)
Payments to employees		(12,571)	(13,165)	(10,633)
Goods and services tax (net)		166	0	(324)
Interest paid		0	0	0
Net cash flow from operating activities		**(11,456)**	**(12,320)**	**(2,405)**
Cash flow from investing activities				
Purchase of property, plant and equipment		(78)	0	(188)
Purchase of intangible assets		0	(680)	0
Net cash flow from investing activities		**(78)**	**(680)**	**(188)**
Cash flow from financing activities				
Loan provided from/(repayment to) Crown		0	0	0
Loan provided from/(repayment to) TRL		0	0	0
Interest paid		0	0	0
Dividend received from TRL		9,250	13,000	5,747
Net cash flow from financing activities		**9,250**	**13,000**	**5,747**
Net (decrease)/increase in cash and cash equivalents		**(2,284)**	**(0)**	**3,154**
Cash and cash equivalents at the beginning of the year		5,592	6,353	2,438
Cash and cash equivalents at the end of the year		**3,308**	**6,353**	**5,592**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
These financial statements are for the Tāmaki Redevelopment Company Limited Group (TRC Group) which comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group has determined that it is a public benefit entity (PBE) for financial reporting purposes. TRC Group's primary objective is the social and economic regeneration of the Tāmaki area.

These financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's financial statements are presented separately on pages 50 to 78 of this Annual Report. This Annual Report also presents, on pages 81 to 88, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group, which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP) and are not audited. Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

The financial statements for TRC Group are for the year ended 30 June 2022. They were approved by the Board on 30 November 2022.

TRC Parent is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is a schedule 4A entity of the Public Finance Act 1989.

Basis of preparation
The financial statements have been prepared on a going concern basis. This is supported by:

1. The declaration of a dividend from TRL for $11.3m on 25 October 2022. The Entitled Persons/Ministerial approval for the dividend waiver is still to be obtained but based on past practice this is expected to be received.
2. The TRL Board has resolved to provide cash flow support to TRC group if needed; and
3. TRL is expected to be solvent and be in a position to provide the dividend to TRC group once the entitled person/ministerial approval is received.

The accounting policies have been applied consistently throughout the period.

Statement of compliance
The financial statements of TRC Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP. TRC Group is a non-publicly accountable and non-large PBE as defined by the External Reporting Board. For that reason, TRC Group is allowed and has elected to prepare its financial statements in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

Functional and presentational currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC Group is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES
Control and consolidation
Subsidiaries
Subsidiaries are entities controlled by the TRC Parent. The TRC Parent controls an entity when it has the power to govern the financial and operating policies of the entity so as to benefit from its activities. The financial statements from the date on which control commences until the date on which control ceases are consolidated into the TRC Parent's financial statements. The TRC Parent controls two subsidiaries being THALP and THAGP.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Control and consolidation (cont'd)

Loss of control

When the TRC Parent loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Revenue from exchange transactions

Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to TRC Group and the revenue can be reliably measured, regardless of when the payment is being made. The specific accounting policies for significant revenue items are explained below:

Management fee income

The TRC Parent received management fees from TRL and THA each month in return for supplying day to day management services. THALP received management fees from TRL each month in return for provision of tenancy and property management services.

Interest income

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Dividend revenue

Dividend revenue is recognised when the right to receive payment has been established. Dividend revenue is received from TRL on the 100 ordinary shares that TRC Parent owns at $1 each. The value of these shares is rounded down to zero in the Statement of Financial Position.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is recognised only when TRC Group obtains control of the transferred asset (cash) and the transfer is free from conditions to refund or return the asset if the conditions are not fulfilled.

Receivables

Short-term receivables are recorded at face value, less any expected credit losses. TRC Group applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, office equipment and computer equipment. All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRC Group and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

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 reported net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRC Group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Leasehold improvements	The shorter of the period of the lease or estimated useful life
Office equipment	3 years
Computer equipment	5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter. The residual value and useful life of an asset is reviewed and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of TRC Group's website are recognised as an expense when 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 financial year is recognised in surplus or deficit.
The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years

Impairment of property, plant and equipment and intangible assets

TRC Group does not hold any cash-generating property, plant and equipment. Property, plant and equipment are considered cash-generating where their primary objective is to generate a commercial return through the provision of goods and/or services to external parties. TRC Group's primary objective from its non-financial assets is to achieve the regeneration objectives set out in its Statement of Intent.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Impairment of property, plant and equipment and intangible assets (cont'd)

Non-cash-generating assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment 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 assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRC Group would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss (or reversal of impairment loss, if any) is recognised in surplus or deficit.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of reporting date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to reporting date and annual leave earned to but not yet taken at balance date. A liability and an expense are recognised for bonuses where TRC Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of employee entitlements

Annual leave expected to be settled within 12 months of reporting date is classified as a current liability.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Financial instruments

TRC Group classifies all its financial assets and liabilities at amortised cost under the accounting standard PBE IFRS 9 *Financial Instruments* on the basis that these financial instruments are non-derivative and constitute solely payments of principal and interest and the asset (or liability) are held to collect (or settle via) cash flows.

TRC Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRC Group is recognised as a separate asset or liability.

TRC Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when TRC Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income tax
TRC Group is a public purpose Crown-controlled company for tax purposes and is therefore exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Goods and services tax
All TRC items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. All THA items are presented inclusive of GST as THA is exempt from GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to or received from the IRD including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:
- accumulated (deficit); and
- capital.

Budget figures
The budget figures are derived from the statement of performance expectations as approved by the Board on 30 June 2021. The budget figures were prepared in accordance with NZ GAAP.

Critical accounting estimates and assumptions
In preparing these prospective financial statements, TRC Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant, and equipment
At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRC Group, and expected disposal proceeds from the future sale of the asset.

Critical accounting judgements
A critical accounting judgement made in the preparation of these accounts is that THALP is acting as an agent (tenancy and property manager) for TRL. A 'deed of lease and appointment of property manager' agreement sets out the roles and responsibilities between THALP and TRL. THALP is essentially providing a tenancy and property management service to TRL in return for a management fee. In March 2019, TRL and THALP signed a new deed of lease (replacing the lease entered into in December 2017) which sets out that THALP will receive a per property per week management fee. Under both the old and new deeds of lease, THA receives a per property per week management fee.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements (cont'd)
TRL under both the old and the new deed of lease is entitled to the full rental income collected by THALP and must pay for the full property maintenance costs.

Factors that indicate THALP is acting as a principal
THALP is a Community Housing Provider (CHP) and is registered as a social housing landlord per CHP regulations. THALP therefore has the relationship with the Ministry of Social Development and the Ministry of Housing and Urban Development (MHUD) from October 2018, with regards to charging and collecting the IRRS subsidy and letting of tenants through the Ministry's application and vacancy process. Any obligations arising under the CHP regulations are the responsibility of THALP. THALP is also party to the tenancy agreement with the social housing tenants and THALP makes the decisions regarding who to accept as a tenant. THALP also bears the credit risk under the new deed of lease.

Factors that indicate THALP is acting as an agent
TRL is the asset owner and is responsible for funding and making the decisions regarding the maintaining of the properties, a significant portion of which is outsourced to a separate facilities management company. TRL has influence over the tenancy term with its ability to give notice to remove a property from the deed of lease. TRL also bears tenant occupancy risk from the subleasing arrangement.

Management have determined that on balance, THALP is acting as an agent for TRL and is carrying out its aforementioned duties on behalf and for TRL.

Accounting standards adopted during the period
Amendment to PBE IPSAS 2 Statement of Cash Flows
An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021 and therefore TRC Group have adopted the standard during the year.

PBE FRS 48 Service Performance Reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1. It is effective for reporting periods beginning on or after 1 January 2022 and therefore TRC Group have not adopted the standard during the year. TRC Group has assessed that there is no material impact of the new accounting standard on its financial statements.

Accounting standard issued but not yet effective
PBE IPSAS 41 Financial Instruments
The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although TRC Group has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

2. MANAGEMENT FEE INCOME

	2022 Actual $000's	2021 Actual $000's
Management services provided by THALP to TRL	5,723	5,712
Management services provided by TRC Parent to TRL	5,157	5,362
Total management fee income	**10,880**	**11,074**

Management services provided by THALP to TRL
THALP act as an agent on behalf of TRL in providing its tenancy and property management services to state housing tenants. The management fee income that THALP recognises from TRL is based on a per property per week number.

THALP is a registered Community Housing Provider and as part of its activities, it collected a combined IRRS and IRR amounting to $67.7m for the year (2021: $66.7m), the majority of which was subsequently remitted to TRL. THALP also collected income of $24k (2021: nil) from tenants under a rent to own scheme. This was remitted to TRL.

3. OTHER EXPENSES

	2022 Actual $000's	2021 Actual $000's
Fees to Audit New Zealand for audit of 2021/22 financial statements	176	0
Fees to Audit New Zealand for audit of 2020/21 financial statements	0	170
IT support and licence fees	612	585
Printing and stationery	265	281
Telephones and mobiles	136	164
Marketing and collateral	646	1,300
Rent	459	451
Motor vehicle expenses	104	41
Recruitment fees	171	90
Staff training	157	284
Legal expenses	35	99
Travel expenses	8	22
Other	1,470	1,098
Total other expenses	**4,239**	**4,584**

4. TRADE AND OTHER RECEIVABLES

	2022 Actual $000's	2021 Actual $000's
Trade receivables	11	3
Prepayments	228	181
Receivable from TRL*	142	10
GST receivable	180	346
Total trade and other receivables	**561**	**540**

*TRL is related to TRC Group by virtue of being legally owned by TRC Parent. TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies.

5. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress Actual $000's	Office equipment Actual $000's	Computer equipment Actual $000's	Leasehold improvements Actual $000's	Total Actual $000's
Cost					
Balance at 30 June 2020	0	411	416	777	1,604
Balance at 30 June 2021	0	438	171	936	1,545
Additions during the year	74	3	0	0	78
Disposals during the year	0	(6)	(21)	0	(28)
Balance at 30 June 2022	**74**	**435**	**150**	**936**	**1,595**
Accumulated depreciation					
Balance at 30 June 2020	0	340	275	710	1,325
Balance at 30 June 2021	0	374	125	750	1,248
Depreciation charge for the year	0	38	16	50	104
Disposals during the year	0	(6)	(19)	0	(26)
Balance at 30 June 2022	**0**	**406**	**121**	**800**	**1,327**
Carrying Amounts					
Balance at 30 June 2020	0	71	142	67	279
Balance at 30 June 2021	0	64	46	186	297
Balance at 30 June 2022	**74**	**29**	**29**	**136**	**268**

There are no restrictions over the title of TRC Group's property, plant and equipment, nor are there any property, plant and equipment pledged as security for liabilities. (2021: nil).

6. INTANGIBLE ASSETS

	Acquired software Actual $000's	Total Actual $000's
Cost		
Balance at 30 June 2020	266	266
Balance at 30 June 2021	227	227
Additions during the year	0	0
Disposals during the year	(65)	(65)
Balance at 30 June 2022	**161**	**161**
Accumulated amortisation		
Balance at 30 June 2020	254	254
Balance at 30 June 2021	224	224
Amortisation charge for the year	3	3
Disposals during the year	(65)	(65)
Balance at 30 June 2022	**161**	**161**
Carrying Amounts		
Balance at 30 June 2020	11	11
Balance at 30 June 2021	3	3
Balance at 30 June 2022	0	0

There are no restrictions over the title of TRC Group's intangible assets, nor are any intangible assets pledged as security for liabilities. (2021: nil).

7. CREDITORS AND OTHER PAYABLES

	2022 Actual $000's	2021 Actual $000's
Creditors	632	1,027
Accrued expenses	1,347	1,153
Restructure Provision	419	0
Payable to TRL*	60	2,075
Revenue received in advance from TRL*	11,193	10,136
Total creditors and other payables	**13,651**	**14,391**

At year end a restructure was in progress to align staffing numbers and expertise with TRC Group's housing priority. The restructure provision is for associated redundancy payments.

Cashflows are managed at the TRC Legal Group level in order to minimise the amount of Crown equity funding required to be drawn. Management fee income is received in advance from TRL in order to fund the operating cashflows of TRC Group. Each year, TRL declares and pays a dividend to TRC Parent at the end of each financial year to fund the previous financial year's activity.

*TRL is related to TRC Group by virtue of being legally owned by TRC Parent. TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies.

8. EQUITY

	Ordinary shares	
	2022 Actual $000's	2021 Actual $000's
Contributed capital		
Balance at 1 July	8,500	8,500
Balance at 30 June	**8,500**	**8,500**
Accumulated (deficit)		
Balance at 1 July	(17,126)	(14,247)
Total comprehensive revenue and expense	(1,859)	(2,879)
Balance at 30 June	**(18,985)**	**(17,126)**
Total equity	**(10,485)**	**(8,626)**

All ordinary shares of TRC Parent are held by the Crown (59%) and Auckland Council (41%). There are 1,000 ordinary shares issued, all of which are unpaid and have no par value. All the Crown shares and Council shares have the same rights and privileges and are subject to the same restrictions.

9. COMMITMENTS

Capital commitments as at 30 June 2022 are $200k for implementation of a new Tenancy Management system. (2021: nil).

Operating leases as lessee
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2022 Actual $000's	2021 Actual $000's
Not later than one year	547	382
Later than one year not later than five years	587	177
Later than five years	0	0
Total non-cancellable operating leases	**1,134**	**559**

10. CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2022. (2021: nil).

11. RELATED PARTY TRANSACTIONS

TRC Parent's ordinary shares are 59% held by the Crown and 41% by Auckland Council.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TRC Group would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Key management personnel compensation

	2022 Actual	2021 Actual
Board members		
Remuneration ($000's)	228	213
Full-time equivalent members	0.58	0.57
Leadership team		
Remuneration ($000's)	2,117	1,995
Full-time equivalent members	7.83	8.00
Total key management personnel remuneration ($000's)	**2,345**	**2,208**
Total full time equivalent personnel	**8.41**	**8.57**

$60k of employer Kiwisaver contributions is included within the Leadership Team Remuneration disclosure above.

12. BOARD REMUNERATION

The total value of remuneration paid or payable to each Board member during the year was:

	2022 Actual $000's	2021 Actual $000's
Evan Davies (Chair)	73	68
Dr. Susan Macken (Deputy Chair)	46	43
Kerry Hitchcock	37	34
Diana Puketapu	37	34
Madhavan Raman	37	34
Total Board member remuneration	**228**	**213**

There have been payments of $9k made to committee members appointed by the Boards of the entitites that constitute TRC Legal Group who were not Board members during the financial year.

12. BOARD REMUNERATION (CONT'D)

TRC Group has provided a deed of indemnity to its Directors during the financial year. TRC Group has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation. (2021: nil).

Given the governance of TRL and THAGP are conducted by the Board of TRC Parent, the above Board remuneration also represents the Board remuneration of the full TRC Legal Group.

The full time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings. No close family members of TRC Group's key management personnel are employed by TRC Group. There are no loans made to key management personnel of TRC Group or their close family members.

Given TRL has no employees and the activities of TRL are conducted by employees of TRC Parent, the above key management personnel remuneration and full-time equivalent numbers also represent the disclosure for the TRC Legal Group.

13. EMPLOYEE REMUNERATION

Approach to Remuneration
Tāmaki Redevelopment Company Limited (TRC) takes a total cash approach to remuneration; total cash includes the value of base pay, plus KiwiSaver.

In addition to the legislated rate of KiwiSaver for eligible employees, TRC provides the following benefits:
- $600 per annum wellbeing reimbursement
- A top up on the government's paid parental leave contribution to 100% salary for up to 13 weeks
- 5 weeks annual leave
- 10 days annual sick leave
- $20 per week working from home allowance due to Covid 19
- TRC Group no longer offers any term incentives

Senior Leadership Team Market Benchmarking
TRC uses an external independent consultant to provide market remuneration information for each of the Senior Leadership Team roles, based on roles of a similar size and nature. The remuneration policy is:
- Base salary is based on the market median point

Senior Leadership Team Remuneration Reviews
Senior Leadership Team remuneration reviews are signed off by the Chief Executive and Board. The Board will

2022 Remuneration

Employee Kiwisaver Contributions
Included in the personnel costs line item within the statement of Comprehensive Revenue and Expenses is $264k (2021 $224k) of employer Kiwisaver contributions.

13. EMPLOYEE REMUNERATION (CONT'D)

Total remuneration paid or payable

The below table sets out the total remuneration paid or payable to staff above $100,000 in bands of $10,000.

	2022 Actual	2021 Actual
Total remuneration paid or payable:		
$420,000 - $429,999	0	1
$390,000 - $399,999	1	0
$300,000 - $309,999	1	0
$280,000 - $289,999	0	1
$270,000 - $279,999	1	0
$250,000 - $259,999	1	0
$240,000 - $249,999	0	2
$200,000 - $209,999	3	1
$190,000 - $199,999	1	4
$180,000 - $189,999	1	1
$170,000 - $179,999	3	3
$160,000 - $169,999	1	2
$150,000 - $159,999	2	2
$140,000 - $149,999	4	2
$130,000 - $139,999	6	2
$120,000 - $129,999	7	12
$110,000 - $119,999	8	2
$100,000 - $109,999	8	6
Total employees with remuneration above $100,000	**48**	**37**

Given TRL has no employees and the activities of TRL are conducted by employees of TRC Parent, the above employee remuneration and cessation disclosure also represent the disclosure for the TRC Legal Group.

One employee received compensation of $54,792 in relation to cessation of employment during the year (2021: 1). There is a provision of $419k at year end for a restructure that was in progress.

Executive Team Remuneration

	2022 Actual $000's	2021 Actual $000's
Chief Executive Officer	396	423
Chief Financial Officer	307	285
General Manager Strategy and Performance	51	244
General Manager Outcomes & Community Development	207	197
General Manager Housing	271	249
General Manager Strategy & Masterplanning	257	199
General Manager Development and Commercial	94	0
General Manager Connections and People Experience	291	195
General Manager Social Transformation and Partnerships	242	204
Total Executive Team Remuneration	**2,117**	**1,995**

The GM Strategy & Masterplanning, GM Connections & People Experience and GM Outcomes & Community Development roles were renamed. Whilst the majority of responsibilities remained consistent with the previous roles, there were additional reponsibilities added into these roles which were reflected in the renaming of these roles. Salaries before they were promoted to SLT are excluded from this disclosure note.

14. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date (2021: nil).

15. FINANCIAL INSTRUMENTS

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

	2022 Actual $000's	2021 Actual $000's
Financial assets - loans and receivables		
Cash and cash equivalents	3,308	5,592
Trade and other debtors	561	540
Total loans and receivables	**3,869**	**6,132**
Financial liabilities measured at amortised cost		
Creditors and other payables	13,651	14,391
Total financial liabilities measured at amortised cost	**13,651**	**14,391**

16. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense
Total Surplus and Comprehensive revenue and expense for the year were both $3.7m less than Budget. Management fees charged by TRC Parent to THALP was incorrectly included in budgeted revenue and expenditure rather than being eliminated. The net effect on the reported variance is nil. Management fee income $1.8m below Budget due to the less expenses incurred by TRC Parent on behalf of TRL. Actual dividend received was $3.8m below Budget due to reduced funding required for the regeneration. Expenditure on Consultants and professional fees were below Budget by $1m due to a delay to the service delivery phases of the Whānau by Whānau programme and also due to spend on several Glen Innes town centre projects being deferred or delayed.

Statement of financial position
Total equity was $5.4m less than Budget at balance date due to the lower surplus described above. This was represented by Cash being $3m below Budget, Creditors being $1.6m above Budget.

Statement of cash flows
Cash received $3m worse than Budget due to better operating cashflows of $1m offset with $3.8m financing cashflows below Budget. The Actual Opening cash was $0.8m lower than Budget leading to overall Net cash of $2.3m being $2.3m less than Budget. Operating cashflows were improved through payments to employees being $0.6m better than Budget. Within Financing activities the dividend received was $3.8m below Budget.

Independent Auditor's Report

To the readers of Tāmaki Redevelopment Company Limited Group's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Tāmaki Redevelopment Company Limited Group (the Group). The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 30 to 47, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Group on pages 9 to 24.

In our opinion:

- the financial statements of the Group on pages 30 to 47:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reduced Disclosure Regime Reporting Standards; and
- the performance information on pages 9 to 24:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2022, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 November 2022. 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 Board and our responsibilities relating to the financial statements and the performance information, 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 opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board 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 Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are 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 these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 financial statements and the performance information, 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 Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 financial statements and the performance information 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 Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board 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

This Annual Report of Tāmaki Redevelopment Company Limited contains the audited financial statements of Tāmaki Redevelopment Company Limited Group, the audited financial statements of Tāmaki Regeneration Limited, combined performance information for Tāmaki Redevelopment Company Limited Group and Tāmaki Regeneration Limited and two independent auditor's reports, one for each set of audited financial statements and the combined performance information.

The Annual Report also includes other information. The Board is responsible for the other information. The other information comprises the information included on pages 1 to 8, 25 to 29, 48 to 53 and 81 to 93 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

Other than the audit, we have no relationship with or interests in the Group.

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

TĀMAKI REGENERATION LIMITED
Financial Statements
For the year ended 30 June 2022

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TĀMAKI REGENERATION LIMITED
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2022

We are responsible for the preparation of Tāmaki Regeneration Limited's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Regeneration Limited's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 81 to 88 of this Annual Report.

We are responsible for any end of year performance information provided by Tāmaki Regeneration Limited under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Regeneration Limited for the year ended 30 June 2022.

Director	Director
30 November 2022	30 November 2022

TĀMAKI REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Revenue				
Receipts from land disposals		7,734	0	1,909
Sales of shared ownership properties		0	15,362	11,119
Income-related rent subsidies	2	47,941	48,050	48,210
Residential Rental Income from tenants	2	19,873	19,918	18,538
Recoveries from property damage		19	0	82
Other income		8,272	86	213
Total revenue		**83,839**	**83,416**	**80,071**
Expenditure				
Consultants and professional fees		683	182	264
Contractors and temporary staff		0	39	148
Legal expenses		22	0	36
Management fee expense		11,653	12,166	11,879
Cost of land disposed		0	14,165	11,468
Repairs and maintenance		25,970	28,674	24,810
Utilities and insurance		11,770	11,781	11,596
Other expenses	3	620	333	391
Total expenditure		**50,718**	**67,341**	**60,592**
EBITDAF*		**33,121**	**16,075**	**19,479**
Depreciation expense	6	53,365	36,751	35,421
(Gain)/Loss on fair value on shared ownership properties	10	(329)	0	306
Loss on revaluation on commercial properties		0	0	82
Total fair value adjustments		(329)	0	388
Total depreciation, amortisation and fair value adjustments		53,036	36,751	35,809
EBIT		(19,915)	(20,676)	(16,330)
Interest income		373	100	1,437
Interest expense		0	0	0
Net interest income		**373**	**100**	**1,437**
(Deficit) before tax		**(19,542)**	**(20,576)**	**(14,893)**
(Deficit) for the year	8	**(19,542)**	**(20,576)**	**(14,893)**
(Gain)/Loss on revaluation of commercial properites		(82)	0	0
Other comprehensive revenue and expense				
Gain/(Loss) on revaluation of freehold land		643,755	0	460,043
Gain/(Loss) on revaluation of commercial properties		3,527	0	0
Gain/(Loss) on revaluation of rental properties		5,591	0	72,766
Total other comprehensive revenue and expense	8	**652,873**	**0**	**532,808**
Total comprehensive revenue and expense	8	**633,249**	**(20,576)**	**517,915**

Explanations of major variances against budget are provided in note 17.
The accompanying notes form part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*

TĀMAKI REGENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		47,723	29,529	68,322
Trade and other receivables	4	38,783	8,420	22,037
Inventories	5	56,863	23,562	21,529
Total current assets		**143,369**	**61,511**	**111,888**
Non-current assets				
Investment in shared ownership properties	10	3,590	8,866	4,015
Property, plant and equipment	6	3,100,546	1,966,185	2,461,448
Total non-current assets		**3,104,136**	**1,975,052**	**2,465,463**
Total assets		**3,247,505**	**2,036,562**	**2,577,351**
Liabilities				
Current liabilities				
Creditors and other payables	7	50,870	25,471	45,173
Total current liabilities		**50,870**	**25,471**	**45,758**
Non-current liabilities				
Deferred GST on shared ownership properties		510	0	585
Total non-current liabilities		**510**	**0**	**585**
Total liabilities		**51,380**	**25,471**	**46,343**
Net assets		**3,196,125**	**2,011,091**	**2,531,593**
Equity				
Ordinary shares - TRC Parent		0	0	0
Preference shares - Crown		1,781,875	1,788,013	1,741,343
Revaluation reserve		1,611,768	458,747	988,351
Accumulated (deficit)		(197,518)	(235,669)	(198,101)
Total equity	8	**3,196,125**	**2,011,091**	**2,531,593**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 30 November 2022.

Director
30 November 2022

Director
30 November 2022

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

	Notes	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2021		1,741,343	988,351	(198,101)	2,531,593
Total comprehensive revenue and expense					
(Deficit) for the year		0	0	(19,542)	(19,542)
Other comprehensive revenue and expense		0	652,791	0	652,791
Transfer of revaluation reserve on PPE derecognition		0	(29,375)	29,375	0
Total comprehensive revenue and expense		0	623,416	9,833	633,249
Owners' transactions					
Capital contribution		50,000	0	0	50,000
Dividend paid		0	0	(9,250)	(9,250)
Adjustment on derecognition of inventory		(9,468)	0	0	(9,468)
Total contributions and distributions		40,532	0	(9,250)	31,282
Balance at 30 June 2022	8	1,781,875	1,611,768	(197,518)	3,196,125

	Contributed capital Budget $000's	Revaluation reserve Budget $000's	Accumulated (deficit) Budget $000's	Total Budget $000's
Balance at 1 July 2021	1,720,668	458,747	(202,094)	1,977,322
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(20,575)	(20,575)
Other comprehensive revenue and expense	0	0	0	0
Transfer of revaluation reserve on PPE derecognition	0	0	0	0
Total comprehensive revenue and expense	0	0	(20,575)	(20,575)
Owners' transactions				
Capital contribution	98,000	0	0	98,000
Dividends paid	0	0	(13,000)	(13,000)
Adjustment on derecognition of inventory	(30,655)	0	0	(30,655)
Total contributions and distributions	67,345	0	(13,000)	54,345
Balance at 30 June 2022	1,788,013	458,747	(235,669)	2,011,091

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY (CONT'D)
For the year ended 30 June 2022

	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2020	**1,668,023**	**458,746**	**(180,663)**	**1,946,106**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(14,893)	**(14,893)**
Other comprehensive revenue and expense	0	532,808	0	**532,808**
Transfer of revaluation reserve on PPE derecognition	0	(3,203)	3,203	**0**
Total comprehensive revenue and expense	**0**	**529,605**	**(11,690)**	**517,915**
Owners' transactions				
Capital contribution	60,000	0	0	**60,000**
Dividend paid	0	0	(5,747)	**(5,747)**
Return of value to the Crown	13,320	0	0	**13,320**
Total contributions and distributions	**73,320**	**0**	**(5,747)**	**67,573**
Balance at 30 June 2021	**1,741,343**	**988,351**	**(198,101)**	**2,531,593**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
Cash flows from operating activities				
Receipts from land disposals		2,329	0	56
Sales of shared ownership properties		754	10,291	11,158
Rental income from tenants		19,522	19,936	17,947
Income-related rent subsidies		49,885	48,050	47,989
Other revenue received		36	693	169
Payments to suppliers		(57,630)	(57,500)	(54,203)
Goods and services tax (net)		(381)	0	8,932
Net interest received/(paid)		0	0	0
Net cash flow from operating activities		**14,515**	**21,470**	**32,048**
Cash flow from investing activities				
Purchase of freehold land and rental properties		(76,237)	(142,807)	(69,557)
Investment in shared ownership properties		0	0	(2,788)
Net cash flow from investing activities		**(76,237)**	**(142,807)**	**(72,345)**
Cash flow from financing activities				
Dividend paid to TRC Parent		(9,250)	(13,000)	(5,747)
Preference share drawdown		50,000	98,000	60,000
Interest received		373	100	1,437
Net cash flow from financing activities		**41,123**	**85,100**	**55,690**
Net increase/(decrease) in cash and cash equivalents		**(20,599)**	**(36,237)**	**15,393**
Cash and cash equivalents at the beginning of the year		68,322	65,766	52,929
Cash and cash equivalents at the end of the year		**47,723**	**29,529**	**68,322**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
RECONCILIATION OF DEFICIT FOR THE YEAR WITH NET OPERATING CASH FLOWS
For the year ended 30 June 2022

	Notes	2022 Actual $000's	2022 Budget $000's	2021 Actual $000's
(Deficit) for the year		(19,542)	(20,575)	(14,893)
Adjustments for:				
Depreciation		53,365	36,751	35,421
(Gain)/Loss on fair value of investment shared ownership properties		(329)	0	324
Reimbursement to purchase land		(8,175)	0	0
Revaluation Loss		0	0	82
Inventory costs		0	0	11,468
Interest received		(373)	(100)	(1,437)
Doubtful debt & bad debt adjustment		(30)	0	(34)
Changes in:				
Inventories		(7,816)	0	(14,786)
Trade and other receivables		1,507	625	1,321
Creditors and other payables		(4,092)	7,115	14,582
Net cash flow from operating activities		**14,515**	**21,470**	**32,048**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
Tāmaki Regeneration Limited (TRL) is a public benefit entity (PBE) for financial reporting purposes. TRL was incorporated on 11 November 2015 and these financial statements are for the year ended 30 June 2022. They were approved by the Board on 30 November 2022.

The operations of TRL began upon transfer of the state housing stock from Kāinga Ora to TRL on 31 March 2016.

TRL is a limited company incorporated in New Zealand under the Companies Act 1993 and is a schedule 4A entity of the Public Finance Act 1989.

The preparation of these financial statements by TRL is separate to Tāmaki Redevelopment Company Limited Group (TRC Group) as it is not part of the TRC Group.

The TRC Group comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group's financial statements are presented on pages 28 to 47 of this Annual Report.

TRL cannot be included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This Annual Report also presents, on pages 81 to 88, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

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

Statement of compliance
The financial statements of TRL have been prepared in accordance with the requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP. TRL is a large PBE as defined by the External Reporting Board. For that reason, TRL has prepared its financial statements in accordance with Tier 1 PBE accounting standards.

Functional and presentational currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRL is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES
Revenue from exchange transactions
Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to TRL and the revenue can be reliably measured, regardless of when the payment is being made. The specific accounting policies for significant revenue items are explained below:

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Revenue from exchange transactions (cont'd)
Receipts from land disposals
TRL disposes of land to one off purchasers as well as whanau approved under the TRL shared ownership programme. Receipts are recognised when the risks and rewards are transferred to the purchaser.

Rental income from tenants
Income from tenants on market rent is recognised on a straight-line basis over the rental term.

Revenue from non-exchange transactions
Revenue from non-exchange transactions is recognised only when TRL obtains control of the transferred asset (cash) and the transfer is free from conditions to refund or return the asset if the conditions are not fulfilled.

Rental income from tenants and income-related rent subsidies
Rental income from tenants who are not on market rent and income-related rent subsidies are recognised on a straight-line basis over the rental term.

Receivables
Short-term receivables are recorded at face value, less any expected credit losses. TRL applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Inventories
Inventories are measured at cost upon initial recognition or carrying amount at the time of transfer to inventories for items previously classified as plant, property and equipment. To the extent that inventories were received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventories are its fair value at the date of acquisition. Given that all property, plant and equipment is revalued annually, the fair value is usually approximated as the book value on transfer of the property, plant and equipment to inventory. After initial recognition, inventories are measured at the lower of cost and net realisable value.

Property, plant and equipment
Property, plant and equipment consist of the following asset classes: freehold land, rental properties and capital work in progress. All assets classes are measured at cost, less accumulated depreciation and impairment losses, with the exception of the land and buildings transferred from Kāinga Ora which are measured at fair value. Investment in joint operations has been classified as PPE as the property is held for a social service and/or strategic purpose.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)
Additions
The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRL and the cost of the item can be measured reliably. Capital work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

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 reported net in surplus or deficit.

Subsequent costs
Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRL and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

Depreciation
Depreciation is provided on a straight-line basis on rental properties at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of rental properties are determined by the date they are scheduled to be demolished for redevelopment by Kāinga Ora on behalf of TRL under a Power of Attorney (PoA) arrangement (see below critical accounting estimates policy). The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Subsequent measurement
Freehold land and rental properties are valued, on a class basis, to fair value. Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Independent valuations are performed annually to ensure that the carrying amount does not differ materially from the asset's fair value at the balance date.

Any revaluation surplus is recognised in the asset revaluation reserve in other comprehensive revenue and expense, except to the extent that it offsets a previous revaluation deficit for the same asset class, that was recognised in surplus or deficit for the year. Therefore, the surplus is recognised in surplus or deficit for the year. On revaluation, accumulated depreciation is eliminated against the gross carrying amount of the asset.

An item of property is derecognised upon disposal. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to accumulated surplus/(deficit). Any gain or loss arising on derecognition of an asset is included in surplus or deficit for the year, in the year the item is derecognised. The gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Impairment of property, plant and equipment
TRL does not hold any cash-generating property, plant and equipment. Property, plant and equipment are considered cash-generating where their primary objective is to generate a commercial return through the provision of goods and/or services to external parties. TRL's primary objective from its non-financial assets is to provide state housing as set out in its Statement of Intent.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Impairment of property, plant and equipment (cont'd)

Non-cash-generating assets

Property, plant and equipment that have a finite useful life are reviewed for impairment 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 assets carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRL would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss (or reversal of impairment loss, if any) is recognised in surplus or deficit.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Financial instruments

TRL classifies it's investment in shared ownership properties at fair value through surplus or deficit under PBE IFRS 9 *Financial Instruments* on the basis that they do not constitute solely payments of principal and interest. The timing of the repayments from the shared home owner or whānau is dependent on the whānau's household savings or their ability to refinance their mortgage. TRL classifies all other financial assets and liabilities at amortised cost under PBE IFRS 9 *Financial Instruments* on the basis that these financial instruments are non-derivative and constitute solely payments of principal and interest and the asset (or liability) are held to collect (or settle via) cash flows.

TRL derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRL is recognised as a separate asset or liability.

TRL derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when TRL currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Income tax

TRL is a public purpose Crown-controlled company for tax purposes and is therefore exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Transactions relating to residential state houses are treated inclusive of GST as per IRD tax regulations. Where GST is not recoverable as input tax then it is recognised as GST inclusive in the Financial Statements. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed inclusive of GST.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated surplus/(deficit); and
- revaluation reserve; and
- preference shares.

Budget

The budget figures are derived from the statement of performance expectations as approved by the Board on 30 June 2021. The budget figures were prepared in accordance with NZ GAAP.

Critical accounting estimates and assumptions

In preparing these financial statements, TRL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating fair value, useful lives and residual values of property, plant, and equipment

At each balance date, the fair values, useful lives and residual values of property, plant, and equipment are reviewed. The most recent valuation of freehold land and rental properties was performed by an independent registered valuer, Quotable Value Limited. The valuation is effective as at 30 June 2022. Fair value, using market-based evidence, is based on the highest and best use of the freehold land and rental properties, with reference to comparative sales values. There are no restrictions on the ability of TRL to sell freehold land and rental properties which would impair its value. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRL, and expected disposal proceeds from the future sale of the asset.

Derecognition of freehold land

At each balance date, we estimate the value of land to be derecognised through preference shares with the final value determined at completion of the project. At 30 June 2022 there was an increased amount of shared ownership properties which were not subject to derecognition.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements

A critical accounting judgement made in the preparation of these accounts is that THALP is acting as an agent (tenancy and property manager) for TRL. A 'deed of lease and appointment of property manager' agreement sets out the roles and responsibilities between THALP and TRL. THALP is essentially providing a tenancy and property management service to TRL in return for a management fee. In March 2019, TRL and THALP signed a new deed of lease (replacing the lease entered into in December 2017). Under both the old and new deeds of lease, THALP receives a per property per week management fee. TRL under both the old and the new deed of lease is entitled to the full rental income collected by THALP and must pay for the full property maintenance costs.

Factors that indicate THALP is acting as a principal

THALP is a Community Housing Provider (CHP) and is registered as a social housing landlord per CHP regulations. THALP therefore has the relationship with the Ministry of Social Development (MSD) and the Ministry of Housing and Urban Development (HUD) from October 2018, with regards to charging and collecting the IRRS subsidy and letting of tenants through the Ministry's application and vacancy process. Any obligations arising under the CHP regulations are the responsibility of THALP. THALP is also party to the tenancy agreement with the social housing tenants and THALP makes the decisions regarding who to accept as a tenant. THALP also bears the credit risk under the new deed of lease.

Factors that indicate THALP is acting as an agent

TRL is the asset owner and is responsible for funding and making the decisions regarding the maintaining of the properties, a significant portion of which is outsourced to a separate facilities management company. TRL has influence over the tenancy term with its ability to give notice to remove a property from the deed of lease. TRL also bears tenant occupancy risk from the subleasing arrangement.

Management have determined that on balance, THALP is acting as an agent for TRL and is carrying out its aforementioned duties on behalf and for TRL.

Accounting standards adopted during the period

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021 and therefore TRL have adopted the standard during the year.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1. It is effective for reporting periods beginning on or after 1 January 2022 and therefore TRC Group have not adopted the standard during the year. TRL has assessed that there is no material impact of the new accounting standard on its financial statements.

Accounting standard issued but not yet effective

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although TRL has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

2. RENTAL INCOME

	2022 Actual $000's	2021 Actual $000's
Income-related rent subsidies	47,941	48,210
Residential Rental income from tenants	19,873	18,538
Total rental revenue	**67,814**	**66,750**

TRL owns a state housing portfolio from which it derives rental income. TRL has appointed THALP as its agent in providing tenancy and property management services to its state housing tenants. THALP is a registered Community Housing Provider and as part of its services, it collected rental income on behalf of TRL as outlined in the below table, all of which was subsequently remitted to TRL.

TRL pays THALP a management fee expense for the provision of tenancy and property management services, which is included in the Statement of Comprehensive Revenue and Expense. In the current year, this management fee expense was $5.1m (2021: $5.7m).

3. OTHER EXPENSES

	2022 Actual $000's	2021 Actual $000's
Fee paid to Audit New Zealand for audit of 2021/22 financial statements	116	0
Fee paid to Audit New Zealand for audit of 2020/21 financial statements	12	97
IT support and licence fees	26	28
Bad and doubtful debts	122	21
Power for communal areas in public housing	69	70
Recruitment and training	5	2
Other	270	173
Total other expenses	**620**	**391**

4. TRADE AND OTHER RECEIVABLES

	2022 Actual $000's	2021 Actual $000's
Trade receivables	24,188	6,760
Receivable from THALP* (non-exchange)	60	2,075
Receivable from TRC Parent* (non-exchange)	0	0
Payment advanced to TRC Parent* (non-exchange)	11,192	10,136
Prepayment to TRC Parent* (non-exchange)	0	0
Income related rental receivable (non-exchange)	1,685	1,614
Receivable from tenants (non-exchange)	433	420
Prepayments (exchange)	1,121	1,162
GST receivable (exchange)	204	0
Trade and other receivables at face value	**38,883**	**22,167**
Less: allowance for credit losses	(100)	(130)
Total trade and other receivables	**38,783**	**22,037**

*TRC Parent legally owns TRL and is therefore a related party of TRL. However, TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies. THALP is also a related party of TRL as it is legally owned and controlled by TRC Parent.

5. INVENTORIES

	2022 Actual $000's	2021 Actual $000's
Balance at 1 July	21,529	6,105
Inventory Additions	6,913	1,816
Transfers from/(to) property, plant and equipment	44,612	14,399
Inventory Disposals	(28,711)	(34,620)
Recognition/(Derecognition) of freehold land through preference shares*	12,521	33,829
Balance at 30 June	**56,864**	**21,529**

* As explained in the critical accounting estimates and in note 8, this relates to the book value of the freehold land for which a Licence to Occupy (LTO) and a Power of Attorney (PoA) was issued to Kāinga Ora during the year, and this land has not been on-sold to a developer at year-end.

6. PROPERTY, PLANT AND EQUIPMENT

	Commercial Properties Actual $000's	Capital work in progress Actual $000's	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Cost					
Balance at 30 June 2020	0	14,190	1,554,470	324,710	1,893,370
Balance at 30 June 2021	5,700	26,112	2,027,014	402,623	2,461,448
Additions during the year	12,003	13,623	21,502	37,156	84,284
Revaluations during the year	3,048	0	643,755	(35,467)	611,336
Disposals during the year	0	0	0	(3,575)	(3,575)
Transfer within PPE	2,740	0	(2,740)	0	0
Transfers from/(to) inventories during the year	0	(7,626)	(37,431)	444	(44,612)
Balance at 30 June 2022	**23,491**	**32,109**	**2,652,100**	**401,181**	**3,108,881**
Accumulated depreciation					
Balance at 30 June 2020	0	0	0	0	0
Balance at 30 June 2021	0	0	0	0	0
Depreciation charge for the year	(397)	0	0	(52,968)	(53,365)
Disposals during the year	0	0	0	3,575	3,575
Revaluations during the year	397	0	0	41,058	41,455
Balance at 30 June 2022	0	0	0	(8,335)	(8,335)
Carrying amounts					
Balance at 30 June 2020	0	14,190	1,554,470	324,710	1,893,370
Balance at 30 June 2021	5,700	26,113	2,027,017	402,618	2,461,448
Balance at 30 June 2022	**23,491**	**32,109**	**2,652,100**	**392,845**	**3,100,546**

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Investments in joint operations

TRL and Ngāi Tai Ki Tāmaki have entered into a joint venture to purchase the land on the corner of Line Road and Taniwha Street, where the GI Police Station is currently located. The parties to the agreement will hold the GI Police Station as tenants in common. Initial capital is to be contributed by the parties in the following proportion: TRL = 90% and Ngāi Tai Ki Tāmaki = 10%.

We have classified the arrangement as a joint operation based on the fact that the parties have joint control in the agreement and that there is a binding agreement between the parties which requires unanimous consent over relevant activities to the arrangement. TRL's interest in the joint operation is accounted for using the accounting in accordance with paragraphs 23 and 24 of PBE IPSAS 37. The parties have agreed to share the income and expenses equally for the first 5 years until the equity of Ngāi Tai Ki Tāmaki has reached 25%. Any capital gains will be split 75% to Ngāi Tai Ki Tāmaki and 25% to TRL until the participating interest of Ngāi Tai Ki Tāmaki has reached 25%. The gain on revaluation at balance date was allocated at the initial participating interest per the joint arrangement agreement. After the revaluation the participating interests are TRC 86.28% and Ngāi Tai Ki Tāmaki 13.72% (2021: 90% and 10% respectively) The risks to TRL are changes in land values and any default in rental payments.

The amount recognized in the statement of financial position are as follows:

	2022 Actual $000's	2021 Actual $000's
Assets	2,852	2,800
Liabilities	0	0

The amounts recognized in the statement of comprehensive revenue and expense are as follows:

	2022 Actual $000's	2021 Actual $000's
Revenue	80	0
Expenses	0	0

7. CREDITORS AND OTHER PAYABLES

	2022 Actual $000's	2021 Actual $000's
Creditors	19,241	4,612
Accrued expenses	31,263	40,297
Payable to TRC Parent*	24	0
Payable to THALP*	118	10
GST payable	0	687
Revenue in advance	224	152
Total creditors and other payables	**50,870**	**45,758**

*TRC Parent legally owns TRL and is therefore a related party of TRL. However, TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies. THALP is also a related party of TRL as it is legally owned and controlled by TRC Parent.

8. EQUITY

Ordinary shares
All 100 of TRL's ordinary shares are held by TRC Parent all of which are unpaid and are valued at $1 per share. The ordinary shares are rounded down to zero in the Statement of Financial Position. There have been no ordinary shares issued since incorporation date. The revaluation reserve and accumulated (deficit) classes of equity are classes of ordinary shares.

Preference shares
An original tranche of preference shares, valued at $1 per share and held by the Crown, were issued in 2016 upon incorporation of TRL, in exchange for property, plant and equipment, inventories and trade and other receivables previously held by Kāinga Ora. The Crown approved $300m equity funding as part of the 2018 Budget Estimates which would be drawn down as cash in tranches in exchange for issuance of further preference shares in TRL at $1 per share. $50m in cash was drawn down in exchange for 50m preference shares issued during the year. (2021: 60m shares)

Return of preference shares due to Umbrella Agreement with Kāinga Ora
A large portion of the preference shares that were issued in 2016 were in exchange of freehold land. Following the execution of the Umbrella Agreement with Kāinga Ora in March 2019, which resulted in Kāinga Ora becoming TRL's development partner for the redevelopment of TRL's freehold land into new properties, TRL passes the risks and rewards of the freehold land to Kāinga Ora for each development project via issuance of a Licence to Occupy to Kāinga Ora for nil accounting consideration. As the value of the land has been transferred to an entity owned by the same shareholder, the value has been treated as a return to the shareholder with the value of the issued preference shares being reduced by the corresponding value. Any gains on revaluation since the freehold land was received in 2016 is transferred directly to retained earnings. The revaluation reserve table,in note 8, shows the value of land transferred to Kāinga Ora in the past 2 financial years. See the Critical Accounting Judgements section of Note 1: Statement of Accounting Policies for more information on the Umbrella Agreement and relevant accounting judgements made in these financial statements.

Subscription agreement between Crown and TRL
The Subscription Agreement between the Crown and TRL addresses the conversion of the preference shares into ordinary shares. The Crown can convert all of the preference shares into ordinary shares at any time. The rate will be one convertible preference share for one ordinary share. The conversion of convertible preference shares into ordinary shares will be a variation of the rights, privileges and restrictions attaching to the convertible preference shares so that these rights, privileges and restrictions become the same as the existing ordinary shares. The Crown can also exercise a call option and purchase the 100 ordinary shares held by TRC Parent for $100.

Accounting treatment of preference shares
Preference shares that provide for redemption at the option of the shareholder give rise to contractual obligations and are classified as financial liabilities. However, there is no obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions with another entity. Hence the definition of a financial liability in PBE IFRS 9 is not met and the preference shares should be treated as a class of equity. Until the preference shares are repurchased, or returned, or the equity distributed, the value will remain at that assigned to it on the date of the transfer of the assets. The Crown has the option to redeem the preference shares which reflects the current financial reporting treatment whereby Crown controls TRL.

8. EQUITY (CONT'D)

Revaluation Reserve

The below table shows the breakdown of the revaluation reserve into the three major classes of property, plant and equipment being freehold land and rental properties. Capital work in progress is not revalued.

	Commercial Properties Actual $000's	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Revaluation reserve as at 1 July 2020	0	374,044	84,702	**458,746**
Gain/(loss) on revaluation for the year	0	460,043	72,765	**532,808**
Transfers to retained earnings on disposal of PPE	0	(3,297)	94	**(3,203)**
Revaluation reserve as at 1 July 2021	0	830,790	157,561	**988,351**
Gain/(loss) on revaluation for the year	3,445	643,755	5,591	**652,791**
Transfers to Accumulated surplus/(deficit) on disposal of PPE	0	(25,405)	(3,970)	**(29,375)**
Revaluation Reserve 30 June 2022	**3,445**	**1,449,141**	**159,182**	**1,611,768**

Capital management

TRL capital is in equity, which comprised ordinary shares contributed by TRC parent, preference share provided by Crown, revaluation reserves and accumulated deficit. Equity is represented in net assets. TRL is subject to the financial management and accountability provision of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. TRL obtained the ability to co-borrow and be a co-guarantor on shared equity properties via Ministerial approval of the shared equity pilot programme in April 2019 and by Ministerial approval of the expansion of this pilot programme into a larger shared ownership programme in September 2020. TRL complied with the financial management requirements of the Crown Entities Act 2004 during the year.

TRL manages its equity by prudently managing revenues, expenses, assets, liabilities and loans and receivables from TRC Parent. TRL is managed at a group level allowing allocation of funds from TRC Parent and THALP as required. It is acknowledged in the Statement of Intent of the TRC Legal Group that in order to maximise economic and social returns of regeneration this requires some trade-off in financial return. TRL will manage this trade off within the constraints of the business case agreed by shareholders.

9. COMMITMENTS

TRL has contractually committed to buy back state housing stock from developments that are currently in progress in the Tāmaki area that are on land that TRL (or Kāinga Ora) previously owned. TRL has committed to capital works on land for specific, development projects that have commenced at balance date.

Capital commitments
The future state housing buyback commitments are as follows:

	2022 Actual $000's	2021 Actual $000's
Not later than one year	116,001	43,269
Later than one year not later than five years	18,702	4,361
Later than five years	0	0
Total capital commitments	**134,703**	**47,630**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES

	2022 Actual $000's	2021 Actual $000's
Balance at 1 July 2021	4,015	1,160
Additional shared ownership investments made	0	3,348
Year end adjustment to market value	138	722
Present value of TRL's foregone share of net rentals	20	(1,087)
Buy out of shared ownership investment	(583)	(129)
Balance at 30 June 2022	**3,590**	**4,015**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES (CONT'D)

Background on the shared ownership programme

TRL operates a shared ownership programme which is aimed at increasing home ownership levels across Tāmaki. The programme is available to whānau with a connection to Tāmaki by living, working or having whakapapa to the area, with a focus on Māori and Pasifika. The shared ownership programme targets whānau with a household income of around $85,000 to $130,000. Under the programme, TRL helps whānau buy their first home by providing upfront investment of up to 40% into the home. Whānau pay for the remaining amount through obtaining a mortgage from the bank and putting up a minimum 5% deposit. Whānau are required to buy out TRL's share in the property over a maximum period of 15 years. No interest is charged on TRL's share but the purchase is at market value. Depending on the whānau's individual situation, the whānau may make early repayments of TRL's share without penalty and may purchase TRL's entire share at any stage during the 15 year term. This allows the whānau to progress into full home ownership where they would otherwise have not been able to purchase 100% of the property.

TRL obtained approval from the Associate Minister of Housing (Public Housing) in August 2020 to expand the shared ownership programme to 1,500 homes over the next 20 years. This approval also includes 500 rent-to-buy homes. Rent-to-buy allows the whānau to tenant the property from TRL for up to 5 years until they are ready to settle into shared ownership. Whānau with a household income of up to $85,000 are eligible. The rent-to-buy programme allows for whānau to obtain a 50% share of the capital gains in the property over the rental period. TRL charges an affordable rental and whānau are required to complete a financial capability programme prior to settling into shared ownership. This allows whānau to pay down their debt and save towards a deposit. As at balance date, 4 whānau have entered into an agreement to purchase a dwelling under the rent to buy programme.

TRL does not charge any interest on its equity share but retains a proportionate amount of any capital gain which is recognised annually. The parameters of the shared ownership and rent to buy programmes are reviewed on an annual basis and may be adjusted to ensure continued sustainability of the schemes.

Fair value of investment in shared ownership properties

Fair value of the investment in shared ownership properties at the end of each financial year is determined by a revaluation of the properties and calculating the foregone net rental over the life of the agreement. The foregone net rental is discounted to present value. Rental and costs are adjusted over time using the key assumptions detailed below. Gross rental rate is established from the valuation report completed for each property when it is acquired by the homeowner

	2022 Actual $000's	2021 Actual $000's
Market value of shared ownership properties ($000's)	16,433	18,875
TRL weighted percentage share in the properties (%)	29%	28%
Proportionate value of TRL's investment ($000's)	4,724	5,323
Present value of TRL's foregone share of net rentals ($000's)	(1,134)	(1,308)
Fair value of shared ownership properties ($000's)	**3,590**	**4,015**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES (CONT'D)

Key assumptions used in fair value calculation

The key assumptions used in the calculation of the present value of proportionate foregone net rentals are set out below:

	Rate p.a
Market value inflation	7% until 2026 / 4% thereafter
Market rent inflation	3%
Cost price inflation	3.5%
Interest rate assumptions	3% for first 3 financial years from balance date to 6.5% by 2045 financial year
Household income growth	2.7%
Weighted average cost of capital	3.5%

The weighted average cost of capital (the discount rate used in the net present value calculation) is 3.5% which was selected considering a variety of factors such as Government and Auckland Council's cost of debt and appropriate risk margins. The rate was set in 2019 and will be reviewed in 2022.

The interest rate and inflation assumptions are based on relevant Treasury forecasts.

Sensitivity analysis

Sensitivity analysis has been performed below. The impact of a one percent increase or decrease from the aforementioned assumptions on the present value calculation has been provided in the table below.

	Base input	Effect of 1% increase ($000's)	Effect of 1% decrease ($000's)
Market value inflation	7% / 4%	0	0
Market rent inflation	3%	0	0
Cost price inflation	3.5%	0	0
Interest rate assumptions	3% to 6.5%	0	0
Household income inflation	2.7%	0	0

The risks of the programme and their mitigations are outlined in note 16 of these financial statements.

11. CONTINGENCIES

There were no contingent assets or contingent liabilities as at 30 June 2022 (2021: nil)

12. RELATED PARTY TRANSACTIONS

TRL's ordinary shares are 100% held by TRC Parent. Hence, TRC Parent is a related party. However, the Crown holds 100% of the preference shares issued by TRL. Due to the conditions imposed by the preference shares, the Crown controls TRL.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TRL would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

THALP acts as a agent on behalf of TRL in conducting its tenancy and property management business. TRL pays a management fee expense for this service which is based on a per property per week number. These fees are an arms length transaction. The balances outstanding between TRL and other entities within the TRC Legal Group are disclosed in notes 4 and 7 of these financial statements.

Kāinga Ora and TRL are both Crown entities and hence Kāinga Ora and TRL are related parties. The issuance of all Licences to Occupy (LTOs) by TRL to Kāinga Ora in accordance with the Umbrella Agreement between both parties are not arm's length transactions. TRL issued LTOs to Kāinga Ora to the value of $55.3m for nil accounting consideration in 2022 (2021: $17.8m). This constituted an equity transfer to the Crown for the value of the original preference shares issued in 2016 in exchange for Kāinga Ora property, plant and equipment.

	2022 Actual $000's	2021 Actual $000's
Management fee expense paid to THALP	5,723	5,712
Management fee expense paid to TRC	5,157	5,362

Key management personnel compensation

	2022 Actual	2021 Actual
Leadership Team		
Remuneration ($000's)	682	490
Full-time equivalent members	2.34	2.00

TRL has no employees. The activities of TRL are conducted by employees of TRC Parent, the cost of which is on charged to TRL via a management fee. Included in the key management personnel remuneration and full-time equivalent members disclosures above are an allocation of TRC Parent key management personnel who are involved in the management of TRL. No close family members of TRC Parent key management personnel are employed by TRL or TRC Parent. There are no loans made to key management personnel of TRC Parent or close family members. (2021: nil).

13. BOARD MEMBER REMUNERATION

There was no remuneration paid to the Board of TRL during the year. The governance of TRL was conducted via the Board of TRC Parent (henceforth 'Board'), whose remuneration is outlined in its financial statements. There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. TRC Parent has provided a deed of indemnity to its directors during the financial year. TRC Parent has taken out Directors' and Officers' Liability and Professional Indemnity Insurance cover during the financial year which covers the directors of the Board in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation (2021: nil).

14. EMPLOYEE REMUNERATION

TRL had no employees during the year as all TRL activities were conducted by employees of TRC Parent. Employees that were dedicated to TRL activities and employees that were partially assigned were on charged via management fee. In the current financial year, $4,246k of the total management fee expense shown in surplus or deficit related to TRC personnel costs (2021: $4,067k). TRL paid no employees more than $100,000 remuneration during the year and no employees received compensation or other benefits in relation to cessation (2021: nil).

15. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

16. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2022 Actual $000's	2021 Actual $000's
Financial assets measured at amortised cost		
Cash and cash equivalents	47,723	68,322
Trade and other debtors	38,783	22,037
Investment in shared ownership properties	3,590	4,015
Total loans and receivables	**90,096**	**94,374**
Financial liabilities measured at amortised cost		
Creditors and other payables	50,870	45,758
Total financial liabilities measured at amortised cost	**50,870**	**45,758**

16. FINANCIAL INSTRUMENTS (CONT'D)

TRL's principal financial instruments comprise receivables from TRC Parent and cash. These financial instruments are used to fund TRL's operations. The main risks arising from TRL's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks. They are summarised below:

(a) Interest rate risk
TRL's exposure to market risk for changes in interest rates relates primarily to any interest charged by creditors for overdue accounts which is managed through operating cashflows at a TRC Legal Group level. TRL has no exposure to interest rate risk on shared ownership properties as TRL has no borrowings associated with its investment in shared ownership properties.

(b) Foreign currency risk
TRL had no foreign currency borrowings during the year. Foreign currency trade invoices were settled on demand. TRL's exposure to foreign currency risks are limited to a small number of low value transactions and have not been hedged.

(c) Credit risk
Credit risk is the risk that a third party will default on its obligation to TRL, causing it to incur a loss. TRL is exposed to credit risk from cash with banks and receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Shared ownership
TRL's investment in shared ownership properties bears credit risk insofar as whānau are unable to buyout TRL's share in the property over the required 15 year timeframe. TRL manages this risk by forecasting whānau's ability to buyout TRL's share within 15 years before approving the whānau into the programme. Further, as part of the approval process for the shared ownership programme, TRL requires that whānau participate in a pastoral care programme to become financially ready for home ownership. This pastoral care and financial monitoring continues throughout the term of the shared home ownership, which results in high compliance and reduces TRL's overall exposure to residual credit risk.

Risk management
For receivables, TRL reviews the credit quality of customers before granting credit. It continues to monitor and manage receivables based on their ageing and adjusts the expected credit loss allowance accordingly.

Concentration of risk
TRL's cash and cash equivalents only include current and call accounts with a registered bank under the requirements of the Crown Entities Act 2004. All of TRL's banking is with one bank which has a credit rating of AA- as above. The only concentration of credit risk for financial liabilities is with TRC Parent due to loans advanced during the financial year. The risk with TRC Parent is mitigated through management of day-to-day operating activities by the same Board and Management. There is no concentration across development activity as it is carried out in stages with a panel of developers.

Security
No collateral or other credit enhancements are held for financial assets that give rise to credit risk.

16. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit risk (cont'd)

Impairment

Cash and cash equivalents and receivables are subject to the expected credit loss model. TRL assesses individual debtors for impairment monthly. TRL bears credit risk associated with rental income and with recovery of cost of damage repair. The allowance for credit losses for tenant debtors is based on historically calculated uncollectable percentage of approx. 0.5% of tenant revenue under the expected credit loss model.

Credit quality of financial assets

The quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2022 Actual $000's	2021 Actual $000's
Counterparties with credit rating		
Cash at Bank		
AA-	47,723	68,322
Total cash at bank	**47,723**	**68,322**
Counterparties without credit rating		
Counterparty with no defaults in the past	38,783	22,037
Counterparty with defaults in the past	0	0
Total receivables	**38,783**	**22,037**

(d) Liquidity Risk

Liquidity risk is the risk that TRL may encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The Government announced a $300m crown preference share arrangement at Budget 2018 which provides funds within 60 days which is managed prudently by continuously monitoring forecast and actual cash flow requirements. Balance of crown preference share arrangement $130.5m (2021: $180.5m). Currently TRL has significant cash reserves so liquidity risk is minimised. However, in future as this preference share facility is used up, bank financing will be used for short term funding to ensure liquidity is maintained. At balance date all of the contractual maturities (undiscounted cash flow) of TRL's financial liabilities are due within 5 years.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amount disclosed are the undiscounted contractual cash flows.

	Carrying amount $000's	Contractual cash flow $000's	Less than 6 months $000's	6 to 12 months $000's	More than a year $000's
2022					
Creditors and other payables	50,870	50,870	50,870	0	0
Total	**50,870**	**50,870**	**50,870**	**0**	**0**
2021					
Creditors and other payables	45,758	45,758	45,758	0	0
Total	**45,758**	**45,758**	**45,758**	**0**	**0**

16. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market Risk
Market risk applies to TRL's investment in shared ownership properties due to the changes in house prices impacting on the cash that TRL receives from whānau buying TRL's share out. As part of the approval process for the shared ownership programme, TRL requires that whānau participate in a pastoral care programme to become financially ready for home ownership. This pastoral care and financial monitoring continue throughout the term of the shared home ownership, which results in high compliance and reduces TRL and the whānau from being exposed to market risk. TRL manages this risk by forecasting whānau's ability to buyout TRL's share within 15 years before approving the whānau into the programme. Additional safeguards in place include TRL having the ability to purchase the whānau's share outright to use the property for public housing or other purposes. TRL can also work with the whanau and agree to sell the property on an open or closed market for an amount that is not less than the current market valuation.

Market risk on TRL's property, plant and equipment is limited due to the Crown using these properties for the provision of public housing for the foreseeable future.

17. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense
Total comprehensive revenue and expense was $653.8m more than budgeted for FY22. The biggest component of the variance is revaluation freehold land and rental properties. TRL has two key revenue streams being 1) rental revenue from the state housing portfolio and 2) sales of shared ownership properties. The decrease in rental revenue of $45k compared to budget reflects less houses tenanted than budgeted (2,455 houses tenanted versus 2,500 budgeted). There were no sales of shared ownership properties in FY22 which has resulted in a $15.3m unfavourable variance compared to budget.

Depreciation is $16.6m higher than budgeted due to some properties having redevelopment scheduled earlier than originally assumed which reduced their remaining useful lives and accelerated depreciation cost. Consultants and Professional fees have increased $501k due to unbugeted costs during the year. We've had $154k spent on future funding and financing options, $114k spent on consulting for developmenet manager and resource co-ordinating, $95k on consultation for the purchase of Ngati Whatua Orakei, $34k on consulting for stategic purchases in FY22.

Statement of financial position
Total current assets is higher than budget mainly due to derecognition of inventories transferred to Kāinga Ora and positive variance in cash and cash equivalents because of the slower than anticipated development of new build properties.

Property, plant and equipment (PPE) is higher than budget. This was mainly due to revaluation gain on PPE.

Creditor and other payables were $25.4m higher than budget mainly due to service fees payable to Kāinga Ora which were outstanding at balance date.

There is an increase in equity of $1.2b over budget, this is predominantly caused by the increase in revaluation of both freehold land and rental properties ($643m freehold land, $4.4m rental properties). Furthermore, the increase is broadly in-line with the demand for development land in the Tamaki are as per QV assesment.

17. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET (CONT'D)

Statement of cash flows

Net cash flows from operating activities are $6.9m under budget, this is due to no sales of shared ownership properties. Sales of shared ownership is $9.5m lower than the budgeted amount.

Net cash flow from investing activities is $66.6m lower than budgeted due to less buybacks of social housing compared to budget.

Net cash flows from financing activities are $43.9m lower than budgeted because actual preference share drawdown was $50m during the year and not $98m as budgeted.

Independent Auditor's Report

To the readers of Tāmaki Regeneration Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Tāmaki Regeneration Limited (the Company). The Auditor-General has appointed me, JR Small, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 54 to 80, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 9 to 24.

In our opinion:

- the financial statements of the Company on pages 54 to 80:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2022; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 9 to 24:
    - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2022, including for each class of reportable outputs:
        - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
        - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 November 2022. 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 Board and our responsibilities relating to the financial statements and the performance information, 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 opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board 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 liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are 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 these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 financial statements and the performance information, 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 Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 financial statements and the performance information 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 Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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 Annual Report of Tāmaki Redevelopment Company Limited contains the audited financial statements of Tāmaki Redevelopment Company Limited Group, the audited financial statements of Tāmaki Regeneration Limited, the combined performance information for Tāmaki Redevelopment Company Limited Group and Tāmaki Regeneration Limited and two independent auditor's reports, one for each set of audited financial statements and the combined performance information.

The Annual Report also includes other information. The Board is responsible for the other information. The other information comprises the information included on pages 1 to 8, 25 to 29, 48 to 53 and 81 to 93 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

Other than the audit, we have no relationship with, or interests in, the Company.

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
Aggregated TRC Group and TRL Financial Statements
For the year ended 30 June 2022

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TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2022

We are responsible for the preparation of the aggregated TRC Group & TRL financial statements (non-GAAP) of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group) and for the judgements made in them.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

Signed on behalf of the Board:

Director	Director
30 November 2022	30 November 2022

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (UNAUDITED)
For the year ended 30 June 2022

	2022 Actual Unaudited $000's	2022 Budget Unaudited $000's	2021 Actual Unaudited $000's
Revenue			
Receipts from land disposals	7,734	0	1,909
Sales of shared ownership properties	0	15,362	11,119
Rental income from tenants	19,873	19,918	18,538
Income-related rent subsidies	47,941	48,050	48,210
Recoveries from property damage	19	0	82
Other income	8,274	236	267
Total revenue	**83,841**	**83,566**	**80,125**
Expenditure			
Personnel costs	13,491	13,165	10,693
Consultants and professional fees	4,242	4,766	4,006
Contractors and temporary staff	51	159	219
Directors fees	237	313	213
Legal expenses	57	163	134
Cost of land disposed	0	14,165	11,468
Repairs and maintenance	25,985	28,690	24,833
Utilities and insurance	11,883	11,883	11,680
Other expenses	5,788	5,247	5,913
Total expenditure	**61,734**	**78,551**	**69,159**
EBITDAF*	**22,107**	**5,015**	**10,966**
Depreciation and amortisation expense	53,472	36,847	35,542
(Gain)/loss on fair value on shared ownership properties	(329)	0	306
(Gain)/loss on fair value on commercial properties	0	0	82
Total fair value adjustments	(329)	0	388
Total depreciation, amortisation and fair value adjustments	**53,143**	**36,847**	**35,930**
EBIT	**(31,036)**	**(31,832)**	**(24,964)**
Interest income	385	100	1,446
Interest expense	0	0	0
Net interest income	**385**	**100**	**1,446**
(Deficit) before tax	**(30,651)**	**(31,732)**	**(23,518)**
(Deficit) for the year	**(30,651)**	**(31,732)**	**(23,518)**
(Gain)/Loss on revaluation of commercial properties	(82)	0	0
Other comprehensive revenue and expense			
Gain/(Loss) on revaluation of freehold land	643,755	0	460,043
Gain/(Loss) on revaluation of commercial properties	3,527	0	0
Gain/(Loss) on revaluation of rental properties	5,591	0	72,766
Total other comprehensive revenue and expense	**652,873**	**0**	**532,808**
Total comprehensive revenue and expense	**622,222**	**(31,732)**	**509,290**

The accompanying note forms part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2022

	2022 Actual Unaudited $000's	2022 Budget Unaudited $000's	2021 Actual Unaudited $000's
Assets			
Current assets			
Cash and cash equivalents	51,031	35,882	73,914
Trade and other receivables	27,567	8,944	10,007
Inventories	56,863	23,562	21,529
Total current assets	**135,461**	**68,388**	**105,450**
Non-current assets			
Investment in shared ownership properties	3,590	8,866	4,015
Property, plant and equipment	3,100,814	1,966,348	2,461,745
Intangible assets	0	656	3
Total non-current assets	**3,104,404**	**1,975,870**	**2,465,763**
Total assets	**3,239,865**	**2,044,258**	**2,571,213**
Liabilities			
Current liabilities			
Creditors and other payables	52,743	37,696	46,994
Annual leave liability	971	558	667
Total current liabilities	**53,714**	**38,254**	**48,246**
Non-current liabilities			
Deferred GST	510	0	585
Total non-current liabilities	**510**	**0**	**585**
Total liabilities	**54,224**	**38,254**	**48,246**
Net assets	**3,185,641**	**2,006,004**	**2,522,967**
Equity			
Ordinary shares - Crown	5,000	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500	3,500
Preference shares - Crown	1,781,875	1,788,013	1,741,343
Revaluation reserve	1,611,768	458,747	988,351
Accumulated (deficit)	(216,502)	(249,256)	(215,227)
Total equity	**3,185,641**	**2,006,004**	**2,522,967**

The accompanying note forms part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 30 November 2022.

Director
30 November 2022

Director
30 November 2022

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2022

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2021	**1,749,843**	**988,351**	**(215,226)**	**2,522,968**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(30,651)	(30,651)
Other comprehensive revenue and expense	0	652,791	0	652,791
Reversal of revaluation reserve on PPE derecognition	0	(29,375)	29,375	0
Total comprehensive revenue and expense	**0**	**623,416**	**(1,276)**	**622,140**
Owners' transactions				
Capital contribution	50,000	0	0	50,000
Adjustment on derecognition of inventory	(9,468)	0	0	(9,468)
Total contributions and distributions	**40,532**	**0**	**0**	**40,532**
Balance at 30 June 2022	**1,790,375**	**1,611,768**	**(216,502)**	**3,185,641**
	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's
Balance at 1 July 2021	**1,729,168**	**458,747**	**(217,524)**	**1,970,390**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(31,732)	(31,732)
Other comprehensive revenue and expense	0	0	0	0
Transfer of revaluation reserve on PPE derecognition	0	0	0	0
Total comprehensive revenue and expense	**0**	**0**	**(31,732)**	**(31,732)**
Owners' transactions				
Capital contribution	98,000	0	0	98,000
Adjustment on derecognition of inventory	(30,655)	0	0	(30,655)
Total contributions and distributions	**67,345**	**0**	**0**	**67,345**
Balance at 30 June 2022	**1,796,513**	**458,747**	**(249,256)**	**2,006,004**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONT'D)
For the year ended 30 June 2022

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2020	**1,676,523**	**458,747**	**(194,913)**	**1,940,357**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(23,518)	**(23,518)**
Other comprehensive revenue and expense	0	532,808	0	**532,808**
Reversal of revaluation reserve on PPE	0	(3,203)	3,203	**0**
Total comprehensive revenue and expense	**0**	**529,605**	**(20,315)**	**509,290**
Owners' transactions				
Capital contribution	60,000	0	0	**60,000**
Return of value to the Crown	13,320	0	0	**13,320**
Total contributions and distributions	**73,320**	**0**	**0**	**73,320**
Balance at 30 June 2021	**1,749,843**	**988,352**	**(215,227)**	**2,522,967**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CASH FLOWS (UNAUDITED)
For the year ended 30 June 2022

	2022 Actual Unaudited $000's	2022 Budget Unaudited $000's	2021 Actual Unaudited $000's
Cash flows from operating activities			
Land receipts payable to Kāinga Ora	0	0	0
Receipts from land disposals	2,329	0	56
Sales of shared ownership properties	754	10,291	11,158
Rental income from tenants	19,522	19,936	17,947
Income-related rental subsidies	49,885	48,050	47,989
Other revenue received	38	843	352
Payments to suppliers	(56,695)	(56,805)	(45,843)
Payments to employees	(12,571)	(13,165)	(10,633)
Goods and services tax (net)	(215)	0	8,608
Net interest received/(paid)	385	100	1,446
Net cash flow from operating activities	**3,432**	**9,250**	**31,080**
Cash flow from investing activities			
Purchase of property, plant and equipment	(76,315)	(143,487)	69,745
Investment in shared ownership properties	0	0	2,788
Purchase of intangible assets	0	0	0
Net cash flow from investing activities	**(76,315)**	**(143,487)**	**72,533**
Cash flow from financing activities			
Loan drawn from Crown	0	0	0
Preference share drawdown	50,000	98,000	60,000
Net cash flow from financing activities	**50,000**	**98,000**	**60,000**
Net (decrease)/increase in cash and cash equivalents	**(22,883)**	**(36,237)**	**18,547**
Cash and cash equivalents at the beginning of the year	73,914	72,119	55,367
Cash and cash equivalents at the end of the year	**51,031**	**35,882**	**73,914**

The accompanying note forms part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

These financial statements are for the Tāmaki Redevelopment Company Legal Group (TRC Legal Group) which comprises of:

- Tāmaki Regeneration Limited (TRL); and
- Tāmaki Redevelopment Company Limited Group (TRC Group) which further comprises of the parent Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

The financial statements for the TRC Legal Group are the aggregated financial statements of TRC Group & TRL, each of which have been included separately as part of this Annual Report.

Basis of preparation

The financial statements of the TRC Legal Group are a non-GAAP aggregated set of financial statements. TRC Group consists of TRC Parent, THALP and THAGP. As TRC Parent controls THALP and THAGP it is required by NZ GAAP to consolidate THALP and THAGP into the TRC Group. The Directors of TRC Parent note that while TRC Parent holds 100% of the ordinary shares of TRL, the Crown holds 100% of the preference shares in TRL. The rights and obligations attached to the preference shares result in the Crown having control of TRL, meaning that it inconsistent with NZ GAAP to consolidate TRL into TRC Group. The Directors of TRC Parent wish to present a view of the financial position of TRC Legal Group and its results for the year ended 30 June 2022 in one set of financial statements. Such a presentation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

The appropriate way to present these financial statements is as a non-GAAP aggregation disclosure. These financial statements have been clearly marked as a non-GAAP aggregation. They have been prepared on a going concern basis. These financial statements have applied the same accounting policies that TRC Group and TRL have applied as set out in their own financial statements within this annual report. The accounting policies have been applied consistently throughout the year.

The notes to these financial statements are limited to the Statement of Accounting Policies.

Statement of compliance

The financial statements of TRC Legal Group have not been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). This is because NZ GAAP, specifically PBE IPSAS 35 *Consolidated Financial Statements* does not allow the consolidation of TRL into TRC Group, as the Crown rather than the TRC Parent controls TRL. All other PBE Accounting Standards have been complied with.

The TRC Legal Group's aggregate of TRC Group & TRL's financial statements (non-GAAP) have been prepared in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

Functional and presentation currency

The aggregate TRC Group & TRL financial statements (non-GAAP) are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC Legal Group is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of TRC Legal Group are materially the same as the accounting policies used in the preparation of the financial statements of TRC Group and TRL.