Tāmaki Regeneration Company

Statement of Performance Expectations 2021-2022

TĀMAKI REGENERATION

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TĀMAKI

STATEMENT OF RESPONSIBILITY

In accordance with the Public Finance Act 1989 and the Crown Entities Act 2004, this Statement of Performance Expectations ("SPE") publicly states the activities and intentions of Tāmaki Redevelopment Company Limited (referred to as either "the Company" or "TRC" interchangeably) and its subsidiaries for the 2021-2022 financial year ("FY22"), and the objectives and outcomes that those activities will contribute to.

This SPE has had shareholder input, allowing our responsible Ministers and Auckland Council to participate in setting the direction for the company for the 2021-2022 financial year, and includes performance measures and targets as the basis of organisational accountability.

The Board of TRC is responsible for the statements contained in this SPE and for the appropriateness of the assumptions as well as the relevant disclosures made in them.

The Board has the responsibility for establishing and maintaining a system of internal controls, designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

Evan Davies Chair	Dr Susan Macken Deputy Chair
30 June 2021 Date	30 June 2021 Date

PURPOSE OF STATEMENT OF PERFORMANCE EXPECTATIONS

This document is TRC's Statement of Performance Expectations 2021-2022 and should be read in conjunction with our Statement of Intent 2021-2025, which describes our organisation and medium-term strategic intentions in more detail, outlining how our operating environment is changing and how we are planning to respond to those changes.

The SPE is our 12-month performance expectations document, setting out our expected financial performance during the 2021-2022 financial year, along with appropriate enabling projects, output measures, and associated targets within each of our functional areas. These measures are designed to drive organisational performance and are linked to our strategic objectives and the long-term outcomes that we contribute to. We have also included the short-term outcomes (FY22-FY23) that we expect our FY22 enabling projects to deliver.

In setting out these measures, our SPE provides a base against which our actual performance can be measured at year-end by our Shareholders and by Parliament. We will also provide quarterly reports[1] to our Shareholders, which will provide an overview of our performance over the previous three months against SPE measures.

[1] Note that the Annual Report 2022 will serve as the Q4 Report for FY22.

ABOUT TĀMAKI REDEVELOPMENT COMPANY LIMITED

The Tāmaki Regeneration Company (TRC)[2] works alongside the community and our partners, shaping the future of Tāmaki together through an urban regeneration programme that is unique within Aotearoa. We are creating a space, driven by the people of Tāmaki, where whānau and whenua can flourish in a place that is vibrant and connected.

The fertile Tāmaki whenua includes the suburbs of Glen Innes, Panmure and Point England and is located in east Auckland along the beautiful Tāmaki awa. Whānau in Tāmaki and the whenua are bonded together by the interwoven strands with deep connections that are similar to whakapapa. A collection of different communities call Tāmaki home with generations identifying Tāmaki as their spiritual home or tūrangawaewae.

In the future we see a thriving Tāmaki where all people prosper, especially local Māori and Pasifika. The diverse threads of the community will be strongly connected through a shared sense of kotahitanga and pride, so'o le fau i le fau. Tāmaki will be a living exemplar of Te Tiriti o Waitangi. The opportunities on offer here, the strong and inclusive community, and the number of affordable housing options will enable rangatahi and their whānau to achieve their aspirations. This will be an area where people will want to put down roots, and where mana whenua living outside Tāmaki return home, reconnecting to the whenua that defines their personal and cultural identity both physically and spiritually.

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 focuses will 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. This includes working with our partners to improve system and conditions, to ensure that these are designed and delivered with an equity lens; and
- Achieving mana for our community and mana whenua through their self-determination and control over their own destiny.

With these principles guiding us, combined with the knowledge of our past work, we will continue to develop the regeneration programme to help navigate the community towards this thriving future, while holding steadfast in the cultural essence and ethos of Tāmaki by:

[2] Tāmaki Regeneration Company is the brand or trading name of Tāmaki Redevelopment Company Limited ("TRC"). Activity, and associated expenditure, described within the Asset Management and Housing Supply subclasses of the Housing Resources section of this SPE relate specifically to Tāmaki Regeneration Limited ("TRL"), TRC's asset-owning subsidiary. Activity, and associated expenditure, described within the Tenancy Management subclass of the Housing Resources section of this SPE relates specifically to the activities of Tāmaki Housing Association Limited Partnership, TRC's tenancy management services arm. Activity, and associated expenditure, described within the Placemaking section of this SPE relates either to TRC or TRL. Activities, and associated expenditure, described in the Social Transformation and Economic Developments sections of this SPE relate specifically to TRC.

- Developing exemplar regeneration neighbourhoods in Tāmaki that deliver better housing, infrastructure, open space, and social and community amenities, which demonstrate the best in urban design thinking and adhere to the urban design framework set out in the Tāmaki Precinct Masterplan[3];
- 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[4] (referred to throughout this document as "Tāmaki Housing" or "THA" interchangeably), which places the wellbeing of our public housing whānau at the centre of all that we do, and supporting our public housing whānau through the rehousing process, maintaining a compassionate and flexible approach through this process;
- Supporting Kāinga Ora (as the Tāmaki master developer) and our build partners to develop, design, and deliver innovative housing products across the housing continuum, including new public homes, shared home ownership homes and the continued delivery of our affordable rental pilot (commenced during the previous SOI period), supporting Māori and Pasifika whānau to move across the housing continuum;
- Delivering our Whānau by Whānau service to support families to achieve their whānau oranga, working at both an individual family level and a systemic level to tackle the barriers that drive inequity across Tāmaki;
- Continuing to support Māori and Pasifika whānau into education and employment opportunities through the Tāmaki Jobs and Skills Hub, with an increasing focus on enabling a construction-ready workforce locally;
- Implementing the Tāmaki Education Change Plan, with our partners, which is owned and delivered by our rangatahi, who will ensure that the wellbeing services match the need among Tāmaki whānau and learners;
- Partnering with mana whenua, the Tāmaki community, and service providers to incrementally design and deliver a wellbeing hub where whānau can access a broad range of services (social, economic, health, emotional, and education) and where activities feel integrated and seamlessly connected to support their wellbeing aspirations;
- Advocating for the acceleration of infrastructure delivery where this will support local economic development and business growth, specifically within the Glen Innes town centre and the Tāmaki employment precinct[5];
- Partnering with Auckland Unlimited to pilot a Tāmaki innovation hub, to act as the centre of gravity for local innovation and entrepreneurship; and
- Continuing to implement the Glen Innes Town Centre Revitalisation Plan with our partners, with the Line Road Building that we acquired in FY21 opening this year, bringing new commercial uses into the town centre.

Last year was a time of huge uncertainty with the world feeling the effects of the COVID-19 global pandemic. While the economic downturn here in Aotearoa has been less severe than originally anticipated there have been changes to the ways in which we work. In particular, we are continually having to be flexible and adjust quickly to new community needs. For example, last year we quickly set up community kai distributions to help our most vulnerable

[3] The Tāmaki Precinct Masterplan acts as the overarching development framework for the area, providing for the consistent and coherent urban design approach to the development of Tāmaki. The masterplan was developed in FY19 in collaboration with HLC, a predecessor entity to Kāinga Ora, and in consultation with the Maungakiekie-Tāmaki Local Board, Auckland Council, and key community stakeholders.

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

[5] The Tāmaki employment precinct has been defined as the light-industrial and business (mixed-use) zoned land adjacent to the rail line in the Tāmaki regeneration area, excluding land that is already covered by the Glen Innes Revitalisation Plan or Unlock Panmure Project.

whānau. The importance of our close partnerships with community leaders, mana whenua and Government in Tāmaki has been highlighted during these difficult times.

We will continue to assist the Crown with community regeneration across Aotearoa by bringing our latest learnings and kaupapa. Specifically, we continue to support the Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development ("MHUD") and Kāinga Ora to implement the Government's housing and urban development programme, sharing with them our regeneration expertise and enabling the Crown to deliver better wellbeing outcomes for other communities.

Iwi Engagement

Conversations must always start with mana whenua, and we look to them to learn and apply their kaupapa. This includes engaging with mana whenua on the regeneration programme, pursuing opportunities for partnerships with Māori entities and businesses, and building staff Māori capability, including knowledge of tikanga Māori and te ao Māori.

In respect of engagement with mana whenua iwi, TRC will:

- Partner with mana whenua iwi to develop and deliver housing solutions for their people and explore other potential commercial partnering opportunities. To this end, we are currently working with Ngāti Whātua Ōrākei, Ngāi Tai ki Tāmaki and Ngāti Pāoa on specific projects as well as exploring additional opportunities. With respect to housing solutions referred to above, this is limited to prioritising mana whenua for TRC's shared equity programme, as per direction received when ministerial approval for the programme was received;
- Engage with the 19 iwi (settled and yet to settle) so that they are kept up to date on our public plans and are aware of any opportunities to formally participate in any procurement process;
- Have regard to the customary interests of iwi in land during processes involving sale or disposal, including giving iwi with strong customary interest the best opportunity to participate in that process; and
- Actively protect and promote Māori knowledge, interests, values, and other taonga through the design process, ensuring that Tāmaki celebrates its unique composition and history through its physical design and the development of new amenities and services.

TRC recognises that mana whenua and iwi organisations do not represent all Māori in the Tāmaki area. It is important therefore that TRC engages with the whole Māori community including with Ruapotaka Marae through the successful implementation of its Māori Engagement Strategy.

Over the next 12 months, we will work with mana whenua to develop a partnership measure that reflects the intended approach and outcomes described above.

OUR OPERATING ENVIRONMENT

Overview: Our New Normal

COVID-19 has held the world in its grasp for over a year now and this continues to impact us in Aotearoa. We are becoming more accustomed to living alongside this virus, and a vaccine rollout has begun which offers us a light at the end of the tunnel. Despite this, the future of Aotearoa and the world remains unclear and the unavoidable economic uncertainty will remain with us for the near to mid-term future.

The current uncertainty is impacting us in strange ways. Because of how well we have responded to the virus in Aotearoa we have mostly managed to retain our normal freedoms –. We are now experiencing a housing boom across the motu. This is putting pressure on the affordability of housing which is a concern for our Tāmaki community. In addition, there have also been serious disruptions to global supply chains which has impacted our work programmes.

As we did last year, we continue to stand behind the Government's response to COVID-19 and acknowledge the need for ongoing flexibility into FY22. With this in mind, we are continuing to take decisive, practical, and compassionate action to ensure the people and businesses of Tāmaki have the best chance to survive and thrive. This includes the acceleration of delivery in programme areas that will have a direct impact on business and employment outcomes locally, such as the planned maintenance and housing redevelopment programmes, and continuing to deliver business support services for local businesses. We will continue to provide a range of enabling and supportive wellbeing services to support local people, including through the Whānau by Whānau service and Tāmaki Jobs and Skills Hub.

Our Role in the Housing and Urban Development Landscape

The Government has an ambitious housing programme, focused on addressing the housing crisis in Auckland and transforming the housing and urban development sector. The delivery of affordable housing for first home buyers through the revised KiwiBuild programme is being complemented by significant boosts to public housing supply, the development of government-sponsored affordable housing models, improvements to rental housing standards, policies to reduce homelessness, and replacing the Resource Management Act to reduce cost and complexity.

We continue to work alongside Government entities in our work. MHUD serves as our monitoring agency. Kāinga Ora, a centralised housing and urban development authority, is the master developer for Tāmaki. TRC is the asset, property, and tenancy manager for all public housing in Tāmaki and continues to hold overall responsibility for the regeneration of Tāmaki. In addition to the new, warm dry homes that will be delivered through the redevelopment programme, we are working with central and local government partners to deliver exemplar regeneration neighbourhoods, through the provision of excellent social infrastructure, efficient transport connections, that will support Tāmaki's growing population.

Consistent with direction from TRC's shareholding Ministers, and the Government's broader affordable housing and progressive home ownership objectives, TRC is working with Kāinga Ora and development partners to deliver an Affordable Housing Programme in Tāmaki, including shared home ownership houses that have been designed to meet the needs of our local Māori and Pasifika whānau.

Our Long-Term Contribution to the Government's Priorities

Our future state and long-term vision for Tāmaki is strongly aligned to the Government's policy agenda to improve living standards and wellbeing for all New Zealanders, with a focus on driving improved equity outcomes for Māori and Pasifika whānau. The Government is committed to major investments in housing, health, education, and infrastructure, all of which are critical to, and supported by, the regeneration programme in Tāmaki. In parallel with this we will continue to work closely with our partners across the public sector and in the community to support and help our current, and future, m ana whenua to feel empowered as the kaitiaki of Tāmaki. We also continue to contribute our mahi and kaupapa to our partners helping to reshape the social service system, regionally and nationally, based on our deep understanding of the barriers, enablers, and drivers of change for whānau.

We play an important role in the Government's commitment to address Auckland's housing challenges. The Tāmaki regeneration programme is transforming 170 hectares of whenua to deliver new, warm, dry public houses, alongside affordable, KiwiBuild, and private market homes for our Tāmaki whānau. In the coming years, we will be delivering increasing numbers of innovative Tāmaki-specific affordable housing products that will enable local Māori and Pasifika whānau to move across the housing continuum and into home ownership.

At this point in our journey towards our future state we have delivered more than 800 houses through the programme, since FY14. We have also started driving improvements to local infrastructure and amenities which are continually enhancing the social cohesion and vibrancy of our community. We work in partnership with Kāinga Ora, who are responsible for the delivery of quality new housing for our Tāmaki residents, and we will continue to support their efforts by ensuring our redeveloped homes and neighbourhoods enable the broader regeneration objectives of Tāmaki whānau and the Crown.

Our local economy will continue to be strengthened by our work programme. The work programme will:

- Drive the supply of diverse housing stock to the Auckland market, including public, affordable, Kiwibuild, and private market homes;
- Create thousands of jobs for Tāmaki locals and rangatahi over the next 20 years, both through the housing redevelopment programme and through the revitalisation and optimisation of employment land in Tāmaki;
- Focus on providing additional affordable housing opportunities alongside programmes to boost financial capability to allow Tāmaki whānau to feel secure and empowered; and
- Create vibrant and thriving mixed-tenure neighbourhoods reflecting the culture and ethos of Tāmaki.

We will continue the mahi and hold ultimate responsibility for the regeneration of Tāmaki. Kāinga Ora and its development partners, through the housing redevelopment programme, are providing new warm dry homes. We will continue to partner with central and local government bodies to provide a wealth of sustainable job opportunities, excellent and inclusive social infrastructure, quality neighbourhoods and efficient transport options that will all allow Tāmaki to draw back mana whenua who have left and ensure that other residents see Tāmaki as their tūrangawaewae.

To encourage more opportunities for our Tāmaki whānau, our programme draws on a strong network of relationships with central and local government agencies, non-governmental organisations, and in the community.

Our Contribution to the Mayoral Vision for Auckland to be a world-class city where talent wants to live

Our work to regenerate Tāmaki and make it an awesome place to live complements the Mayoral vision for Auckland to be a world class city where talent wants to live. In contributing to the Mayoral vision for Auckland, the regeneration programme is delivering outcomes aligned to the six key outcomes areas in The Auckland Plan 2050, as set out below.

- **Belonging and participation:** We worked with the Tāmaki community to develop a "neighbourhood approach" to regeneration. The approach is underpinned by ongoing community involvement and participation at an early stage of and throughout the design process. This ensures TRC can deliver on its commitment to delivering outcomes based on the needs and aspirations of the Tāmaki community.
- **Māori identity and wellbeing:** We continue to deepen our relationships with mana whenua and have established strategic partnerships with local iwi in recent years. This includes engaging with mana whenua on the regeneration programme, pursuing opportunities for partnerships with Māori entities and

businesses, and continuing to work closely with the Ruapotaka Marae, who sit at the heart of our Māori community, to enhance the wellbeing of whānau in Tāmaki.

- Homes and places: The housing redevelopment programme will see the majority of the existing 2,700 public houses in Tāmaki redeveloped into approximately 10,500 new, warm dry houses, over the next 20 years[6] – comprising a mix of public housing, affordable housing, and market housing. Affordable housing delivery includes shared ownership houses and affordable rental houses (through a pilot) that have been designed to meet the needs of our local Māori and Pasifika whānau.
- Transport and access: We advocate for high-quality public transport infrastructure and services in Tāmaki, as the success of the transport linkages within Tāmaki, as well as between Tāmaki and other parts of the region, contributes directly to the success of the regeneration programme.
- Environment and cultural heritage: This year, we will partner with mana whenua to develop a strategy for the rehabilitation and strengthening of Tāmaki's natural environment. Our intention in undertaking this mahi is that TRC and partners identify and take concrete steps to address climate change and that the whenua and awa of Tāmaki are restored and revitalised, so that Tāmaki has natural resources that can be enjoyed and utilised by current and future residents. In addition to this, we will continue to partner with mana whenua and local environmental groups to clean up the Omaru Creek.
- Opportunity and prosperity: Through our Jobs and Skills Hub, we are enabling Tāmaki people to enter the workforce, helping them gain driver licences, access education and training opportunities, and supporting them into sustainable employment. We also support the establishment of local social enterprises that trade goods and services to achieve social, environmental, economic, and cultural outcomes. This year, we will partner with Auckland Unlimited to pilot an innovation hub, providing a physical centre of gravity for local innovation and entrepreneurship in Tāmaki.

We work collaboratively with the Maungakiekie-Tāmaki Local Board and Auckland Council family on a range of regeneration projects, including infrastructure planning and delivery, the Glen Innes town centre revitalisation project, and urban activations and events throughout the Tāmaki area.

[6] Note that the ability to deliver the full housing redevelopment programme in 20 years is contingent on a range of interrelated factors, such as infrastructure financing and delivery, the ability of the Tāmaki master developer to procure and contract delivery by private sector construction firms in line with the development programme, and other property market dynamics and drivers on both the supply-side and demand-side. Note, too, that there may be some movement in the headline delivery figure of 10,500, which is subject to the outcome of future programme business cases in FY23-FY24.

OUR STRATEGIC FRAMEWORK & 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. This section defines these strategic priorities, with our objectives and work programme within our housing resources, social transformation, economic development, and placemaking strategic priority areas, and the results we are aiming for over the next 12 months, described in the following sections.

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[7]

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[8]

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

Economic Development[9]

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[10]

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

These four mandated strategic priorities are outlined in TRC's Constitution and contribute to Crown and Auckland Council strategic goals, the wider social and economic objectives for the region, and the Tāmaki Shared Outcomes Framework (see following section).

[7] Activity, and associated expenditure, within the Asset Management and Housing Supply subclasses relate specifically to Tāmaki Regeneration Limited (TRL), TRC's asset-owning subsidiary; activity, and associated expenditure within the Tenancy Management subclass relates specifically to the activities of Tāmaki Housing Association Limited Partnership. Expenditure is consolidated within the Housing Resources Revenue and Output Expenses Table.

[8] Activities, and associated expenditure, as set out within this output class relates to TRC.

[9] Activities, and associated expenditure, as set out within this output class relates to TRC.

[10] Activities, and associated expenditure, as set out within this output class relates to both TRL and TRC. This expenditure is consolidated within the Placemaking 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 on the Tamaki community. The TSOF is an update of and supersedes the Tāmaki Outcomes Framework, the previous outcomes framework that TRC agreed with Crown, Auckland Council, and community in 2016. The TSOF seeks to account for that impact and attempts to 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) influences the environment (Place), which, in turn, impacts the community (People).

TĀMAKI

OUR OVERARCHING STRATEGIC COMMITMENTS

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

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. Our Affordable Housing Programme is a key enabler for this commitment, providing the opportunities for whānau to progress into affordable housing products and into home ownership within Tāmaki, over time.

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.

Long-Term Vision

Our vision is for the housing resources of Tāmaki to be high-quality, such that all people in Tāmaki have warm, dry, secure, and affordable houses that they are proud to live in.

Housing provided by the Crown will be collaborative and inclusive. A diverse range of housing options will be provided across the housing continuum, including public houses, shared home ownership houses, and supported living environments. Homes built for families and neighbourhoods will be designed by the people for the people.

Tāmaki homes will be affordable. Homes will be built with a range of affordable housing products that provide the stability needed for Tāmaki whānau to flourish and be part of the wider community they live in without barriers.

Asset Management

It is important that Tāmaki whānau think of our houses as their homes and that these homes provide for their physical health and holistic wellbeing. To achieve this, we employ a strategic asset management system and tactical investment strategies which put people eat the centre of our quality expectations. This strategic and systematic approach to asset management will ensure 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.

The overall quality of our portfolio will be significantly improved over time, through both regeneration and the provision of cost-effective planned and responsive maintenance to achieve our desired levels of service across the housing portfolio. All properties will meet the health and safety requirements expected of a public house. Since the baseline for the Condition Grade Index[11] ("CGI") measure was established in FY19, TRC has made good progress in improving the overall condition of the portfolio, taking a planned maintenance approach to asset management. The establishment and physical works associated with TRC's Te Taha Whānau – Quality Housing Planned Maintenance Program ("QHPMP") has provided a mechanism not only to upgrade houses but to ensure that these meet TRC's Levels of Service.

Progressively, all houses in our public housing portfolio will be compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019. We are expecting a minimum of 65% of our portfolio will be compliant with the regulations by the end of FY22.

During the 2021/2022 financial year, we will:

- Manage our housing portfolio efficiently and effectively, within a complex regeneration environment.

[11] 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. Our target for FY22 is to improve the overall quality of our portfolio to a CGI score of 2.39 by the end of the year.

- Continue to improve the overall quality of our portfolio by purchasing newly built public houses and upgrading existing stock through the QHPMP.
- Ensure that a minimum of 65% of our public housing portfolio is compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019 by the end of the financial year, noting that 100% of the portfolio will be compliant with the regulations by 1 July 2023.
- Keep vacancy periods to a minimum and maximise the number of public housing places available, within the constraints of the redevelopment programme and our rehousing schedule.
- Ensure that public houses are suited to tenants' needs, as agreed with our Crown partners.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has quality housing. • Tāmaki whānau love their homes. • Tāmaki whānau have good health and wellbeing.	
Our Objectives: What we are aiming to deliver.	• Houses that are fit-for-purpose for our public housing tenants and enable our whānau to be proud of where they live. • A built environment that supports positive outcomes for whānau across all domains of wellbeing.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 21/22
	Portfolio average property condition (CGI).	2.39[12]
	Percentage of customers satisfied with repairs and maintenance.	74%
	Percentage of lettable homes that are let.	98%
	Average inter-tenancy void turnaround time (vacant to ready to let).	20 Working Days
	Percentage of portfolio that is compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019.	65%

Tenancy Management

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. Our philosophy and service delivery are based on a deep understanding of the barriers, enablers, and drivers of change for each public housing whānau.

Tāmaki Housing takes a compassionate and flexible approach to managing tenancies, acknowledging the need to provide greater support to some whānau. Working with public housing whānau in this way is both the right thing to do and an approach that we feel confident will enable whānau to achieve their aspirations. This approach is consistent with the Government's directive that public housing providers sustain tenancies for current tenants or household members who could be at risk, as expressed in the Aotearoa Homelessness Action Plan (Phase One 2020-2023).

Tāmaki Housing is committed to continuously improving the way that public housing is provided for in Tāmaki and will continue to progress a range of customer-focussed improvements over the next 12 months, working with our partners to improve services and efficiency. Ultimately, our purpose in undertaking these improvements is to

[12] See previous footnote.

consistently deliver a world-class public housing service for whānau in Tāmaki. We expect to see improvements across a range of key performance indicators because of this mahi.

Engaging with and understanding the needs of our public housing whānau, and levels of satisfaction with the service we provide, is vital to our ability to deliver the strategic outcomes of the regeneration programme and a world-class public housing service in Tāmaki. To this end, we will continue to regularly survey our public housing whānau throughout FY22, holding ourselves to account for the quality of the service we deliver and enabling us to assess the success of the improvements described above. The headline survey output measures our public housing tenants' overall satisfaction rating for Tāmaki Housing and our target for FY22 is 70%.

Rehousing remains a key component of the regeneration programme in Tāmaki and we recognise that this can be a difficult time for whānau. When we require a public housing property for redevelopment purposes, we spend a considerable amount of time engaging with the whānau, to ensure that we develop a rehousing plan that factors in their current needs as well as their aspirations for the future. At all times, we adhere to the Tāmaki Commitment that those who wish to stay in Tāmaki will have the opportunity to do so.

During the 2021/2022 financial year, we will:

- Manage our tenancies efficiently, effectively, and compassionately, within a complex regeneration environment.
- Work closely with our tenants, particularly those with at-risk tenancies, to ensure those tenancies are sustained.
- Progress a range of customer-focussed improvements, working with our partners to improve services and efficiency.
- Respond to tenant requests quickly and resolve issues within agreed timeframes.
- Always adhere to the Tāmaki Commitment.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has quality housing. • Tāmaki whānau love their homes.	
Our Objectives: What we are aiming to deliver.	• Houses that are fit-for-purpose for our public housing tenants and enable our whānau to be proud of where they live. • Tenant-landlord relationships that are managed professionally, with tenants being treated respectfully throughout the rehousing process. • A world-class public housing service in Tāmaki that is continuously improving.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 21/22
	Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki that are rehoused within Tāmaki.	100%
	Tenants' overall satisfaction rating for Tāmaki Housing	80%
	Tenancy management cost per unit[13].	<$2,195pa

[13] The target for this measure was baselined in FY19, with annual increases indexed to the Auckland Rents component of the Consumer Price Index. This is consistent with the indexation process that we use when reviewing our market rents with the Ministry of Social Development and MHUD.

STRATEGIC FRAMEWORK	LINK	
	Rental debt older than 7 days as a percentage of monthly rental income.	<8.0%
	Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	<10 Calendar Days
	Percentage of urgent health and safety queries responded to within four hours.	95%

Housing Supply

The Government has a continued focus on the pace, quantum, and affordability of housing being delivered through its housing and urban development programme. We are working closely with Kāinga Ora – the master developer for Tāmaki – to drive the supply of diverse housing stock to the Auckland market through the housing redevelopment programme, including the delivery of public, affordable, KiwiBuild, and private market homes. Kāinga Ora remains accountable for the delivery of new warm and dry homes in Tāmaki, which will see the majority of the 2,700 existing public houses in Tāmaki replaced with approximately 10,500 new homes over the next 20 years[14], comprising a mix of public houses, affordable houses, KiwiBuild houses, and private market houses.

We are actively working in partnership with Ngāi Tai ki Tāmaki and Ngāti Pāoa to deliver affordable housing solutions for their people. This is limited to prioritising mana whenua for TRC's shared equity programme, as per direction received when ministerial approval for the programme was received. As well as increasing housing supply, this will help to create economic opportunities for our mana whenua partners. We are responsible for the management of the Affordable Housing Programme in Tāmaki and have developed a set of bespoke affordable housing products across the housing continuum, including shared ownership houses and affordable rental houses (through a pilot) that have been designed to meet the needs of our local Māori and Pasifika whānau. Kāinga Ora is responsible for the supply of these products through Tāmaki development projects.

Infrastructure delivery remains a key enabler of the housing development programme in Tāmaki. Bringing forward the design of new neighbourhoods and sites, and subsequent delivery of additional housing, will place a greater emphasis on this need. Accordingly, we will continue to work with MHUD, Kāinga Ora, Crown Infrastructure Partners, and the Auckland Council family to develop infrastructure financing options for Tāmaki and accelerate the delivery of in-ground, transport, and social infrastructure.

We will also contribute to the delivery of new housing in Tāmaki by ensuring that we support public housing whānau through the rehousing process, in alignment with the housing redevelopment schedule and in adherence with the Tāmaki Commitment.

During the 2021/2022 financial year, we will:

- Complete the neighbourhood plan for the Glen Innes North West regeneration neighbourhood, in collaboration with Kāinga Ora, allowing us to move into the next phase of delivery for this neighbourhood, which will see the existing public houses in the neighbourhood redeveloped into a mix of new high-quality public, affordable, and private market houses.

[14] Note that the ability to deliver the full housing redevelopment programme in 20 years is contingent on a range of interrelated factors, such as infrastructure financing and delivery, the ability of the Tāmaki master developer to procure and contract delivery by private sector construction firms in line with the development programme, and other property market dynamics and drivers on both the supply-side and demand-side. Note, too, that there may be some movement in the headline delivery figure of 10,500, which is subject to the outcome of future programme business cases in FY23-FY24.

- Work with Kāinga Ora and development partners to increase the supply of public and affordable housing in Tāmaki, including 62 new public homes, 15 shared equity homes, and 18 build-to-rent pilot units.
- Work with Kāinga Ora and existing development partners to plan and develop housing on TRC's vacant sites, optimising the use of Crown land in Tāmaki and helping meet the Government's overall supply intentions, as set out in the Public Housing Plan 2021-2024.
- Support our iwi partners to develop and deliver affordable housing solutions for their people, by prioritising mana whenua for our shared equity programme, as per direction received when ministerial approval for the programme was received.
- Work with MHUD, Kāinga Ora, Crown Infrastructure Partners, and the Auckland Council family to develop infrastructure financing options for Tāmaki.
- Work with Kāinga Ora through the design process to ensure housing and regeneration neighbourhoods are delivered in Tāmaki are of a high quality and suited to the needs of the Tāmaki community.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has quality housing. • Tāmaki whānau love their homes. • Tāmaki has connected neighbourhoods. • Tāmaki has vibrant neighbourhoods.	
Our Objectives: What we are aiming to deliver.	• A continued supply of quality houses across the housing continuum, which reflects the needs of the Tāmaki community, is accessible, of high-quality, and is safe. • Houses that are fit-for-purpose for our public housing tenants and enable our whānau to be proud of where they live. • A Tāmaki that is interconnected and, as such, is easier, more affordable, and safer to get around. • A Tāmaki that celebrates its unique composition and history through its physical design.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 21/22
	Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC[15].	62
	Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC[16].	15
	Number of newly constructed build-to-rent pilot units – delivery managed by Kāinga Ora on behalf of TRC[17].	18
	Number of third-party affordable houses delivered across Tāmaki neighbourhoods.	68

[15] These houses are defined as completed once practical completion has been received.

[16] These houses are defined as completed once practical completion has been received.

[17] These houses are defined as completed once practical completion has been received.

STRATEGIC FRAMEWORK	LINK	
Enabling Project: What we need to do to support our objectives.	PROJECT[18]	MILESTONE 21/22
	Glenn Innes North West Neighbourhood Plan Work with Kāinga Ora to produce the neighbourhood plan for the Glen Innes North West Neighbourhood, allowing the neighbourhood to progress into the next phase of development, ultimately delivering a mix of new public, affordable, and private market houses in this neighbourhood.	**Plan completed.**
	Expected Short-Term Outcomes (FY22-FY23) • A completed masterplan, which will include a bulk and location design of different typologies for public homes, affordable homes, and market homes. • Phasing and development sequence for the duration of the neighbourhood development process and infrastructure designs to support the delivery of housing within. • Delivery of great design and placemaking activities to achieve quality neighbourhood outcomes in Glen Innes North West, in line with the Quality Neighbourhood Framework.	

Housing Resources Revenue and Output Expenses

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		2021/22 PROSPECTIVE UNAUDITED ($000s)
	Crown Revenue	48,050
	Other Revenue	35,071
	Total Revenue	**83,120**
	Expenditure	105,874
	Net (Deficit)	**(22,753)**

[18] Note that the expected short-term outcomes listed in this table relate to intermediary outcomes directly delivered by individual projects and programmes (i.e., these outcomes will support the long-term delivery/achievement of headline People, Place, and Partnership outcomes identified in the TSOF). Any differences between the short-term outcomes listed in this table and medium-term outcomes for projects or programmes that also appear in the FY22-FY25 SOI reflects the difference in the time horizon for the delivery/achievement of project or programme outcomes (i.e., this SPE is using a two-year time horizon of FY22-FY23 for the delivery/achievement of short-term outcomes, whereas the FY22-FY25 SOI is using a four-year time horizon for the delivery/achievement of medium-term outcomes).

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

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

Long-Term Vision

Our vision is that Tāmaki continues to be a vibrant community as diverse and rich as the stories passed down from our ancestors. Here people grow with the whenua. Here people can feel the strength of kotahitanga and unity that binds all threads together, so'o le fau i le fau.

Our Tāmaki whānau, and neighbours, support the community. As whānau immerse themselves in the community they discover the wealth of opportunities available for everyone, from education and home ownership, to employment, allowing our Tāmaki whānau to realise their potential.

Education opportunities provided by the area support and enable Tāmaki whānau to pursue their dreams, passions, and aspirations. The breadth of work and education opportunities and a strong and inclusive community together with a huge number of affordable housing options will draw and hold people to Tāmaki. This will be an area where people want to put down roots.

Social Transformation

We engage with the Tāmaki community of Tāmaki and undertake research to deeply understand the needs of Tāmaki whānau. Based on this understanding, we galvanise and catalyse the efforts of public sector, private sector, and community partners to co-design transformational social and economic programmes for Tāmaki whānau. Through this approach, we support Tāmaki residents and whānau to gain the skills, knowledge, and employment opportunities to progress their lives, to have good physical health, holistic wellbeing, and for whānau to be finacially secure and independent.

Our mahi involves partnering with organisations such as the Auckland District Health Board ("ADHB"), Ministry of Education ("MOE") and Manaiakalani Kahui Ako, Ministry of Social Development, and Oranga Tamariki to deliver more effective and joined-up social services, targeted at those who will gain the most benefit from them. We will often play a convening and catalysing role in this space, as described above, as well as providing project management expertise and capacity. Underpinning this mahi is a clear focus on driving equitable change and better outcomes for Māori and Pasifika whānau in Tāmaki. This systems thinking approach is aligned with the Government's strategic intent to enable a more adaptive, agile, and collaborative public service, through the Public Service Act 2020 and related work programme.

There are numerous whānau in Tāmaki who struggle to access the opportunities created through the regeneration programme, due to the complexity of challenges they have in their life, such as housing and food insecurity, and an absence of other support factors. Working with the Tāmaki community and experts, we have developed an intensive support service, called Whānau by Whānau, to meet the needs of this group, supporting them to access and successfully engage with the services they require, thereby improving their long-term outcomes. We will support the delivery of this service in FY22, providing backbone support to the Whānau by Whānau service providers and ensuring that the success of programme interventions is measured, and key insights are captured and shared to improve social service systems across Aotearoa.

We want all whānau in Tāmaki to have good health and wellbeing but recognise that there are some whānau who are dealing with challenging health factors. To ensure that Tāmaki whānau with kidney disease and related comorbidities, such as diabetes, can receive quality care locally, we have partnered with the ADHB and the Kidney Society to deliver a local renal dialysis centre on TRC-owned land, meeting high demand within the community. The

Kereru Kidney Centre will be operational in FY22, removing the need for those Tāmaki whānau with kidney disease and related conditions to travel out of the area to receive treatment, reducing travel and wait times for patients to receive care. We will also support the delivery of education to the Tāmaki community on kidney health and related conditions.

In FY21, Ministers approved an expansion to this programme to meet the strong demand within Tāmaki, including the delivery of 1,500 shared home ownership houses over the life of the housing redevelopment programme. Affordable housing is a fundamental part of the regeneration programme, providing a steppingstone for whānau out of public housing and, ultimately, into home ownership. TRC supports the delivery of a Pathways to Housing Independence ("PHI") programme in Tāmaki, which builds the local demand pipeline for affordable housing.

The PHI programme provides whānau with the knowledge and tools to be able to save for a deposit, pay down debt and ultimately progress along the housing continuum. In our current pipeline, we have 118 whānau who are ready to progress into shared home ownership within the next 12 months, and a further 130 whānau who we expect to be ready to progress along the continuum in FY23 and future years. By scaling up the delivery of the PHI programme in Tāmaki, in FY22 we will create a groundswell of demand for affordable home ownership, in readiness for our future supply. At least 70% of people who progress along the housing continuum through our initiatives will identify as Māori or Pasifika.

The Tāmaki Jobs and Skills Hub, operated in partnership with the Auckland Business Chamber, supports local people into training and employment 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 will continue to foster and deepen connections between industry and talent locally, including between industry partners and the local education network, with the intent of developing a more diverse range of employment pathways for Tāmaki rangatahi and jobseekers. This will include more opportunities for digital and technology-related apprenticeships and internships, over time.

Consistent with the Government's Trades and Apprenticeships Training Package, TRC is delivering a construction-ready workforce programme in partnership with the Building and Construction Industry Training Organisation. This programme is equipping Tāmaki locals with skills in high demand in the economy and creating a pool of skilled local employees for our development partners to draw on. We have set a benchmark for FY22 of 70% of people who are supported into employment through our initiatives identifying as Māori or Pasifika, consistent with our focus on improving equity outcomes for Māori and Pasifika whānau in Tāmaki and 25% being supported into construction-related jobs.

TRC's Social Regeneration Programme, outlined above, is strongly aligned with the Government's continued focus on reducing child poverty, raising living standards and wellbeing for families, improving housing affordability, and improving equity outcomes for Māori and Pasifika whānau. While these programmes are already delivering benefits for the Tāmaki community and the Crown, it is acknowledged that social and economic benefits, and improved equity outcomes, that will be realised through these programmes will be significantly increased over time.

During the 2021/2022 financial year, we will:

- Enhance education and employment opportunities for Tāmaki residents through our strategic influence and jobs and skills initiatives.
- Support 200 people into employment through our initiatives, with a minimum of 70% of these people identifying as Māori or Pasifika, and 25% being supported into construction-related jobs.
- Equip Tāmaki whānau with the financial knowledge and tools to be able to transition out of the need for public housing, over time.

- Support 44 whānau to progress along the housing continuum, including 26 whānau into shared home ownership products, with a minimum of 70% of whānau identifying as Māori or Pasifika.
- Support the Manaiakalani Kahui Ako, MOE, and ADHB, with project management expertise and capacity, to continue delivery of the key moves of the Tāmaki Education Change Plan.
- Partner with the ADHB and the Kidney Society to deliver a local renal dialysis centre, meeting strong demand for these services within Tāmaki.
- Support the delivery of Whānau by Whānau, with a target of engaging 100 local whānau in the service to receive support for their immediate needs (e.g., housing, debt, and food insecurity) and, from this group, engaging 25 local whānau to receive an intensive support service to address their broader needs.
- Provide system stewardship through our collective impact projects, undertaking deep research within the Tāmaki community to shape key projects in education, health, and social services.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki whānau have good health and wellbeing. • Tāmaki whānau are financially secure and independent. • Tāmaki partners drive equitable change. • Tāmaki partners engage in systems thinking.	
Our Objectives: What we are aiming to deliver.	• A place where whānau feel connected to their communities, neighbourhoods, and each other. • An integrated social service system, which enables whānau to achieve their aspirations and experience positive outcomes across all domains of wellbeing. • Programmes and services that support Tāmaki residents into education and employment opportunities. • A diverse range of affordable housing products for Tāmaki whānau and programmes to support whānau to access these products. • Innovative approaches to programme and service delivery with our partners across the system to drive improved equity outcomes for Māori and Pasifika whānau.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 21/22
	Number of Tāmaki people who are employed through TRC initiatives[19].	200
	Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika.	70%
	Percentage of people who are employed through TRC initiatives into construction-related jobs.	25%
	Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives.	15
	Number of Tāmaki whānau engaging with the Whānau by Whānau service and receiving support for their immediate needs.	100

[19] The definition of employed, for the purposes of this measure, and related measures within this section, is a person being supported into a sustainable job directly through the Tāmaki Jobs and Skills Hub, or through other TRC-led employment initiatives, such as local jobs fairs or product accelerator events that bring together employers and potential employees, or engagement with housing development build partners to identify and cultivate employment opportunities for locals. A sustainable job is defined as a contract providing 30 or more hours of work per week for three or more months.

STRATEGIC FRAMEWORK	LINK	
	Number of Tāmaki whānau engaging with the Whānau by Whānau service and receiving an intensive support service for their broader needs.	25
	Number of Tāmaki people who progress along the housing continuum[20].	33
	Percentage of people who progress along the housing continuum that identify as Māori or Pasifika.	70%
	Number of Tāmaki people who progress along the housing continuum into a shared home ownership product.	15
	Percentage of people who progress along the housing continuum into a shared home ownership product that identify as Māori or Pasifika.	70%
Enabling Project: What we need to do to support our objectives.	PROJECT[21]	MILESTONE 21/22
	Kereru Kidney Centre Partner with the Auckland District Health Board and the Kidney Society to deliver a local renal dialysis centre, to respond to the high number of patients with chronic kidney disease and comorbidities, such as diabetes, in Tāmaki.	Kereru Kidney Centre operational.
	Expected Short-Term Outcomes (FY22-FY23) • Patients dialysing in their own community. • Reduced travel times for Tāmaki patients, who will no longer have to travel to Greenlane Clinical Centre by taxi. • Community education on kidney health and related conditions.	

Social Transformation: Revenue and Output Expenses

Revenue and Output Expenses		2021/22 PROSPECTIVE UNAUDITED ($000s)
	Crown Revenue	-
	Other Revenue	404
	Total Revenue	**404**
	Expenditure	5,680
	Net (Deficit)	**(5,276)**

[20] Note that the definition of progressed along the housing continuum for the purposes of this measure, and related measures within this section, is a signed letter of commitment for entry into an affordable housing product or a signed contract for entry into a shared equity or market affordable product.

[21] Note that the expected short-term outcomes listed in this table relate to intermediary outcomes directly delivered by individual projects and programmes (i.e., these outcomes will support the long-term delivery/achievement of headline People, Place, and Partnership outcomes identified in the TSOF). Any differences between the short-term outcomes listed in this table and medium-term outcomes for projects or programmes that also appear in the FY22-FY25 SOI reflects the difference in the time horizon for the delivery/achievement of project or programme outcomes (i.e., this SPE is using a two-year time horizon of FY22-FY23 for the delivery/achievement of short-term outcomes, whereas the FY22-FY25 SOI is using a four-year time horizon for the delivery/achievement of medium-term outcomes).

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.

Long-Term Vision

Tāmaki will be a thriving hub of enterprise. A variety of employment centres will exist in the area and rangatahi will be able to pursue employment in their field of interest. Tāmaki rangatahi will choose to stay in the area because of the number of opportunities that are open to them.

Opportunities to work, study and live in Tāmaki will be accompanied by wide-ranging enablers for example, support for people to upskill and transition into high-quality sustainable jobs; support for people to own their homes should they wish; availability of childcare; excellent transport to and from work/study, amongst others.

The workforce of Tāmaki will have skills in a diverse range of industries due to the regenerated town centres and industrial area to the west of the rail line. Tāmaki will offer a myriad of opportunities to trades people, technicians, and entrepreneurs, and locals will be supported to develop the key skills that will allow them to thrive in the workforce of the future. The level of innovation will be such that Tāmaki business leaders will be able to pass on their kaupapa to the young rangatahi such that the next generation can prosper.

Economic Development

Economic development is an integral part of the regeneration programme. Our objective in this area is to strengthen the local economy and unlock the potential of the Tāmaki area, to enable prosperous communities within Tāmaki and deliver better value for money to the Crown. We work with partners at the intersection of the public and private sectors to support the progression of key initiatives that we believe will have a stimulatory effect on the economy, support business growth, and create employment opportunities for locals. This includes advocating for the acceleration of infrastructure delivery where this will support local economic development, specifically within the Glen Innes town centre and the Tāmaki employment precinct.

The development of the local economy will benefit all the people of Tāmaki, with a clear focus on driving improved economic outcomes for local Māori and Pasifika whānau through the regeneration programme. Consistent with this focus, the Government's good-faith, and collaborative approach to Māori-Crown relationships[22], and our Te Tiriti o Waitangi obligations, we are actively pursuing opportunities for commercial partnerships with mana whenua and Māori entities and businesses.

In response to COVID-19, TRC has taken a strategic approach to programme delivery, taking proactive steps to build a job-rich environment that is geared towards employing more locals. This has included the acceleration of delivery in programme areas that will have a direct impact on business and employment outcomes locally, such as the planned maintenance and housing redevelopment programmes. TRC will continue to work closely with its partners, including Kāinga Ora, over the next 12 months to ensure that local suppliers are prioritised to access opportunities created by this accelerated delivery.

TRC's continued acceleration of delivery that supports business and job growth is consistent with one of the Government's three overarching policy goals for the next three years, as set out by the Minister of Finance in the Budget Policy Statement 2021, to accelerate the recovery and rebuild from the impacts of COVID-19. In taking a

[22] This commitment was set out in the Government's Enduring Letter of Expectations to statutory Crown entities in 2019.

local approach to delivering on the Government's broader economic development and COVID-19 recovery objectives, TRC is creating a sustainable, circular economy in Tāmaki that is built to survive and thrive.

Well-connected and patronised town centres are both a sign of a healthy local economy and a key attraction feature for new residents. Over the next year, we will continue working with our partners, including the Glen Innes Business Association, Maungakiekie-Tāmaki Local Board, and Auckland Council family to revitalise the Glen Innes town centre. TRC plays a convening role in this ongoing revitalisation project, as well as catalysing activity through undertaking mixed-use developments in the town centre, with partners. Our work in this space has a clear focus on supporting local businesses to be successful and stimulating local economic development.

Activity in FY22 will include refurbishing and opening the building on Line Road in Glen Innes that we purchased last year, bringing new commercial uses and offerings into the town centre and providing a link to the Bradley Lane artistic hub, supporting the theme of the Glen Innes town centre being a place for 'makers' and creatives. TRC is working alongside the local community, supporting them to design, and ultimately run in some cases, the service offerings that are provided with the building. In addition, we will continue to deliver events and activations, with partners, to increase patronage in Glen Innes and explore opportunities to utilise additional space in the town centre (e.g., through a commercial lease).

TRC shares the Government's commitment to lift productivity and wages through innovation[23] and the vision for New Zealand to be a global innovation hub and world-class generator of ideas, expressed in the Government's Draft Research, Science, and Innovation Strategy. Consistent with the Government's innovation objectives, TRC is partnering with Auckland Unlimited to pilot an innovation hub in Glen Innes. TRC and Auckland Unlimited will co-fund the pilot and provide backbone operational support. The pilot hub will provide the platform to support, enable, and promote Tāmaki's existing innovation community of Māori and Pasifika innovators and entrepreneurs and connect Tāmaki to the wider Auckland innovation ecosystem.

The hub will bring together innovators, entrepreneurs, industry, and specialist support from within Tāmaki and further afield to share knowledge, engage in learning and development programmes, and develop products or services in a collaborative fashion. The pilot will commence in FY22 and run for a duration of 18 months. The pilot will be supported by a series of innovation-themed programmes, services, events, and activations that will be delivered through the hub and TRC and partner networks.

During the 2021/2022 financial year, we will:

- Continue to work closely with the Maungakiekie-Tāmaki Local Board, Glen Innes Business Association, and Auckland Council family on the revitalisation of the Glen Innes town centre.
- Progress commercial partnership opportunities with mana whenua.
- Refurbish and open the commercial site that TRC acquired in FY21 on Line Road, delivering new commercial uses and offerings into the Glen Innes town centre.
- Partner with Auckland Unlimited to pilot an innovation hub in Tāmaki, providing a physical centre of gravity for local innovation and entrepreneurship.
- Continue to explore opportunities to utilise additional space (e.g., through a commercial lease) in the Glen Innes town centre.
- Promote Tāmaki as an innovative and inclusive location that provides a range of investment opportunities.

[23] Hon Grant Robertson, Minister of Finance, *Foreword, Budget Policy Statement 2021*.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has a thriving economy. • Tāmaki whānau are financially secure and independent. • Tāmaki whānau have a strong Tāmaki identity.	
Our Objectives: What we are aiming to deliver.	• A vibrant Glen Innes town centre that meets the needs of our current and future populations, while maintaining the Tāmaki culture. • An innovation ecosystem that supports local entrepreneurs and innovators to thrive.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 21/22
	Number of local innovators and entrepreneurs that register as users of the Tāmaki Innovation Hub (Pilot – see below).	20
Enabling Projects: What we need to do to support our objectives.	PROJECT[24]	MILESTONE 21/22
	Tāmaki Innovation Hub Pilot Partner with Auckland Unlimited to pilot an innovation hub in Tāmaki, to cater to Tāmaki's community of innovators and entrepreneurs and act as the physical centre of gravity for local innovation and entrepreneurship. The pilot will run for a duration of 18 months.	**Pilot operational.**
	Expected Short-Term Outcomes (FY22-FY23) • Establishment of an innovation facility that brings together local Māori and Pasifika innovators and entrepreneurs, with subject matter experts, business mentors, and investors from within Tāmaki and further afield. • Delivery of innovation-themed programmes, services, events, and activations, including business incubator programmes and accelerator events that aim to scale early-stage businesses, or catalyse the development of new products and services.	
	Glen Innes Town Centre Activation Refurbish the commercial site on Line Road in Glen Innes, acquired by TRC in FY21, and have the premises operational. The refurbishment will see new commercial uses and offerings delivered in Glen Innes, increasing patronage in the town centre, over time.	**Line Road Building open and operational.**
	Expected Short-Term Outcomes (FY22-FY23) • Local food entrepreneurs, including start-ups, operating from the ground-floor space, alongside established brands. • Innovation hub established in first-floor space and fully utilised by local entrepreneurs and start-ups.	

[24] Note that the expected short-term outcomes listed in this table relate to intermediary outcomes directly delivered by individual projects and programmes (i.e., these outcomes will support the long-term delivery/achievement of headline People, Place, and Partnership outcomes identified in the TSOF). Any differences between the short-term outcomes listed in this table and medium-term outcomes for projects or programmes that also appear in the FY22-FY25 SOI reflects the difference in the time horizon for the delivery/achievement of project or programme outcomes (i.e., this SPE is using a two-year time horizon of FY22-FY23 for the delivery/achievement of short-term outcomes, whereas the FY22-FY25 SOI is using a four-year time horizon for the delivery/achievement of medium-term outcomes).

Economic Development: Revenue and Output Expenses

Revenue and Output Expenses		2021/22 PROSPECTIVE UNAUDITED ($000s)
	Crown Revenue	-
	Other Revenue	139
	Total Revenue	**139**
	Expenditure	1,143
	Net (Deficit)	**(1,005)**

STRATEGIC PRIORITY – PLACEMAKING

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

Long-Term Vision

Our vision is that the fertile whenua and awa at the heart of Tāmaki has been regenerated in alignment with mana whenua knowledge of the whakapapa of the area and the 'blueprint' on how to build from what is already there. Mauri provides mana, flowing into mana whenua and the community.

The Tāmaki community uses a circular approach in all processes which reduces pressure on natural resources and generates prosperity for the Tāmaki people.

Alongside this, festivals and celebrations of all cultures are held within community halls and in green spaces enabling a strong sense of belonging. Walking around the community, physical anchors such as archaeological sites commemorate and act as educational tools, sharing the rich history of our whakapapa.

All communities of the Tāmaki whenua are celebrated. For example, celebrations of Māori, Tongan, Samoan, Chinese, and Burmese, communities can be physically demonstrated through the act of raising pou (pillars) together for each community. Marae, fale, mosques, community parks and halls reinforce Tāmaki's wide inclusiveness allowing everyone to feel a sense of belonging and connectedness to the Tāmaki area.

Placemaking

We want Tāmaki to have connected and vibrant neighbourhoods and for local whānau to have a strong Tāmaki identity. To ensure that these outcomes are achieved, it is integral that regeneration neighbourhoods in Tāmaki demonstrate best practice in urban design and efficiency, creating cohesive communities that are linked through a quality open space network and supported by social infrastructure that meets the needs of Tāmaki's changing population. We work with Kāinga Ora, the Auckland Council family, and the Tāmaki community to ensure Tāmaki is connected, both physically through great transport infrastructure, and socially through friendly, welcoming neighbourhoods and high-quality community facilities.

The existing community of Tāmaki will identify and contribute to the long-term outcomes that will be delivered in Tāmaki, benefiting from the opportunities that regeneration creates. We will ensure that the Tāmaki community helps to shape the future Tāmaki, taking a neighbourhood-by-neighbourhood approach to development and consultation. We will also ensure that mana whenua are engaged early and throughout the design process, recognising the principles of Te Tiriti o Waitangi and mana whenua's enduring role as the kaitiaki of Tāmaki. We will also ensure that Tāmaki celebrates its unique composition and history through its physical design and that these reflect the design aspirations of the Tāmaki community, actively protecting and promoting Māori knowledge, interests, values, and other taonga through the design process.

Through engagement with our delivery partners in Tāmaki, including Kāinga Ora and the Auckland Council family, we will ensure that our developments restore, protect, and ultimately enhance Tāmaki's natural environment and that regeneration neighbourhoods are built with appropriate consideration of long-term environmental sustainability. To inform this mahi going forward, we will partner with mana whenua this year to develop a strategy for the rehabilitation and strengthening of Tāmaki's natural environment. Our intention in undertaking this mahi is that TRC and partners identify and take concrete steps to address climate change and that the whenua and awa of Tāmaki are restored and revitalised, so that Tāmaki has natural resources that can be enjoyed and utilised by current and future residents. By taking this approach, we are ensuring that mana whenua have self-determination and control of this process and, ultimately, the desired environmental outcomes for Tāmaki. It is also acknowledged that this focus on climate change and sustainability will influence our broader work programme.

The Tāmaki Precinct Masterplan defines the key moves to make Tāmaki a safe, sustainable, and connected place by creating or upgrading parks, reserves, street networks, cycleways, and walkways. To deliver the spatial and built environment outcomes that the regeneration programme depends on, we will partner with mana whenua and a range of public and private sector organisations, including Kāinga Ora, Auckland Council, Auckland Transport, Healthy Waters, Watercare, our design and build partners, and the Tāmaki community to develop innovative, whānau-centric amenities. This collaborative and environmentally sustainable approach to redeveloping Tāmaki supports the Government's priority to transition to a low-emissions and climate-resilient Aotearoa New Zealand.

Our Placemaking Programme complements these physical moves by delivering events, and activations with our partners, bringing new and existing spaces to life, and creating vibrant and socially cohesive communities within Tāmaki. Over the next 12 months, we will continue to work with our partners to hold activations and events in locations across Tāmaki, to promote healthy lifestyles and activities for local whānau and to showcase the resources that already exist in Tāmaki. All events and activations that we deliver over the next year will adhere to relevant public health guidelines.

During the 2021/2022 financial year, we will:

- Partner with mana whenua to develop a strategy for the rehabilitation and strengthening of Tāmaki's natural environment.
- Deliver key placemaking elements for FY22, in line with the Tāmaki Precinct Masterplan Implementation Plan and Placemaking Programme.
- Deliver events and activate spaces in Tāmaki for families and residents to form connections within their communities.
- Market Tāmaki as a destination of choice, strengthen community resilience, and create social cohesion through the Placemaking Programme.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has connected neighbourhoods. • Tāmaki has vibrant neighbourhoods. • Tāmaki is environmentally awesome. • Tāmaki whānau have a strong Tāmaki identity.	
Our Objectives: What we are aiming to deliver.	• A Tāmaki that is interconnected and, as such, is easier, more affordable, and safer to get around. • Quality transport connections that allow easy movement within Tāmaki and to and from other regional destinations. • Safe and welcoming neighbourhoods that support social cohesion and connectivity. • A Tāmaki that celebrates its unique composition and history through its physical design. • Sustainable neighbourhoods that enhance Tāmaki's natural environment. • Provision of forums and mechanisms for residents to shape Tāmaki and take advantage of its opportunities.	
Outputs – Desired Trends:	MEASURE	TARGET 21/22

STRATEGIC FRAMEWORK	LINK	
How we will know we are making progress.	Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework[25].	100%
	Number of events delivered directly by TRC or in conjunction with partners, bringing new and existing spaces to life, and creating vibrant and socially cohesive communities within Tāmaki.	5
Enabling Project: What we need to do to support our objectives.	PROJECT[26]	MILESTONE 21/22
	Tāmaki Environment Strategy Partner with mana whenua to develop an environmental strategy for Tāmaki that responds to climate change and restores and revitalises the whenua and awa of Tāmaki.	Strategy completed.
	Expected Short-Term Outcomes (FY22-FY23) • Iwi's self-determination and control of the ways that the natural environment in Tāmaki is restored and protected. • Improved quality of the whenua and awa of Tāmaki. • Improved wellbeing for Tāmaki residents.	

Placemaking: Revenue and Output Expenses

Revenue and Output Expenses		2021/22 PROSPECTIVE UNAUDITED ($000s)
	Crown Revenue	-
	Other Revenue	4
	Total Revenue	**4**
	Expenditure	(2,701)
	Net (Deficit)	**(2,698)**

[25] The Quality Neighbourhood Framework was The Quality Neighbourhood Framework was developed with the architecture design firm, Jasmax. The idea of the tool is to run this assessment three times in relation to regeneration neighbourhoods in Tāmaki: 1) Pre-development phase; 2) Concept-design phase; and 3) Post-development phase. Where there is a completed neighbourhood design ready for assessment, a suitably qualified architectural design firm assesses that design utilising the criteria within the framework, with this result counting towards the year-end reporting on the output measure. The framework takes into account the lived experience of existing and new residents within a regeneration neighbourhood, allowing TRC and Kāinga Ora to respond to feedback from residents in a reflexive fashion.

[26] Note that the expected short-term outcomes listed in this table relate to intermediary outcomes directly delivered by individual projects and programmes (i.e., these outcomes will support the long-term delivery/achievement of headline People, Place, and Partnership outcomes identified in the TSOF). Any differences between the short-term outcomes listed in this table and medium-term outcomes for projects or programmes that also appear in the FY22-FY25 SOI reflects the difference in the time horizon for the delivery/achievement of project or programme outcomes (i.e., this SPE is using a two-year time horizon of FY22-FY23 for the delivery/achievement of short-term outcomes, whereas the FY22-FY25 SOI is using a four-year time horizon for the delivery/achievement of medium-term outcomes).

PROSPECTIVE FINANCIAL INFORMATION

Tāmaki Redevelopment Company Limited Group

Statement of Prospective Comprehensive Revenue and Expense (Unaudited)

For the year ending 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Revenue		
Management fee income	11,300	13,399
Dividend Received	13,000	5,747
Other income	150	22
Total revenue	24,450	**19,168**
Expenditure		
Personnel costs	13,165	11,189
Consultants and professional fees	4,584	4,436
Contractors and temporary staff	120	103
Directors' fees	313	235
Utilities and insurance	101	84
Legal expenses	163	108
Repairs and maintenance	16	12
Other expenses	4,048	4,004
Total expenditure	**22,510**	**20,171**
EBITDAF	1,940	(1,002)
Depreciation and amortisation expense	96	191
EBIT	1,844	(1,193)
Interest income	0	9
Interest costs	0	0
Net interest income	0	9
Net surplus for the year	1,844	(1,184)
Total comprehensive revenue and expense	1,844	(1,184)
(Deficit) for the year attributable to:		
Crown	1,088	(699)
Minority interest (Auckland Council)	756	(485)
	1,844	(1,184)
Total comprehensive revenue and expense attributable to:		
Crown	1,088	(699)
Minority interest (Auckland Council)	756	(485)
	1,844	(1,184)

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Financial Position (Unaudited)
As at 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Assets		
Current assets		
Cash and cash equivalents	6,353	6,353
Trade and other receivables	524	524
Total current assets	**6,877**	**6,877**
Non-current assets		
Property, plant and equipment	162	246
Intangible assets	656	(11)
Total non-current assets	**819**	**235**
Total assets	**7,696**	**7,112**
Liabilities		
Current liabilities		
Creditors and other payables	(11,736)	(13,134)
Annual leave liability	(558)	(558)
GST payable	(490)	(352)
Total current liabilities	**(12,783)**	**(14,043)**
Total liabilities	**(12,783)**	**(14,043)**
Net liabilities	**(5,087)**	**(6,931)**
Equity		
Ordinary shares - Crown	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500
Accumulated (deficit)	(13,587)	(15,431)
Total equity	**(5,087)**	**(6,931)**

For and on behalf of the Board who authorise the issue of the financial statements on 30 June 2021.

Evan Davies
Chair
30 June 2021

Dr Susan Macken
Deputy Chair
30 June 2021

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Changes in Equity (Unaudited)
For the year ending 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Balance at 1 July	(6,931)	(5,747)
Total comprehensive revenue and expense		
Surplus for the year	1,844	(1,184)
Total comprehensive income	**1,844**	**(1,184)**
Owners' transactions		
Capital contribution	0	0
Repayment of capital	0	0
Total contributions and distributions	**0**	**0**
Balance at 30 June	(5,087)	(6,931)

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Cash Flows (Unaudited)
For the year ending 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Cash flows from operating activities		
Receipts from other revenue	150	(142)
Management fee income	11,300	13,399
Payments to suppliers	(10,606)	(3,682)
Payments to employees	(13,165)	(11,281)
Net cash flow from operating activities	**(12,320)**	**(1,705)**
Cash flow from investing activities		
Purchase of property, plant and equipment	0	0
Purchase of intangible assets	(680)	(136)
Net cash flow from investing activities	**(680)**	**(136)**
Cash flow from financing activities		
Interest received	0	9
Interest paid	0	0
Dividend received	13,000	5,747
Loan repayment	0	0
Net cash flow from financing activities	**13,000**	**5,756**
Net increase in cash and cash equivalents	**(0)**	**3,915**
Cash and cash equivalents at the beginning of the year	6,353	2,438
Cash and cash equivalents at the end of the year	**6,353**	**6,353**

Tāmaki Redevelopment Company Limited Group
Notes to the Prospective Financial Statements (Unaudited)
For the year ending 30 June 2022

Statement of Accounting Policies

REPORTING ENTITY
These prospective 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 prospective financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's prospective financial statements are presented separately on pages 41 to 52 of this Statement of Performance Expectations. This document also presents, on pages 53 to 58, an aggregated set of prospective 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) and are not audited. Such an aggregation has to be treated as a non-GAAP set of prospective financial statements as it is not acceptable under PBE IPSAS 6 Consolidated and Separate Financial Statements to consolidate TRL into TRC Group.

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.
These prospective financial statements for TRC Group are for the year ending 30 June 2022 and were approved by the Board on 30 June 2021.

PROSPECTIVE FINANCIAL STATEMENTS
These prospective financial statements have been prepared for the express purpose of meeting legislative requirements set out under the Crown Entities Act 2004 and the use of these statements for any other purpose may not be appropriate. The description of the principal activities and current operations of TRC Group including those activities and operations expected to be undertaken during the period covered by these prospective financial statements are outlined in the strategic priorities section of this document. The actual financial results achieved for the year ending 30 June 2022 are likely to vary from these prospective financial statements and the variations could be material.

BASIS OF PREPARATION
The prospective financial statements have been prepared on a going concern basis. This is based on the past practice of funding TRC's operating expenditure through intercompany advances and dividends from its subsidiary, Tāmaki Regeneration Limited. A dividend was issued by TRL for $5.7m on 1 October 2020 which was used to pay off prior intercompany advances made by TRL. The Entitled Persons/Ministerial approval for the dividend waiver was received as required.

The TRL Board has resolved to provide cash flow support to TRC group as required and TRL is expected to be solvent and in a position to issue dividends to the TRC group at the end of the prospective reporting period.

The accounting policies have been applied consistently throughout the period.

Statement of Compliance

The prospective 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 public benefit entity 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.

These prospective financial statements comply with PBE accounting standards; Prospective Financial Statements (PBE FRS 42).

Functional and presentation currency

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

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 to benefit from its activities. The prospective financial statements from the date on which control commences until the date on which control ceases are consolidated into the TRC Parent's prospective financial statements. The TRC Parent controls two subsidiaries being THALP and THAGP.

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 Tāmaki Regeneration Limited 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.

Dividend income from TRL

Dividend income is recognised when the right to receive payment is 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.

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.

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 asset 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.

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, intangible assets and inventories

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.

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 asset's 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 is recognised in surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the 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 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 transfer 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 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.

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

Income tax

These prospective financial statements have been prepared on the basis that all entities in the TRC Legal Group are tax exempt in accordance with the Taxation Amendment Act 2019.

Goods and services tax

All items in the prospective financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. 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 Inland Revenue Department (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 surplus/(deficit); and
- capital.

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 prospective financial statements 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. 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.

Critical accounting judgements (cont'd)

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 (HUD) from October 2018, with regards to charging and collecting the IRRS subsidy and letting of tenants through the MSD 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 both the credit risk and 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 duties on behalf and for TRL.

Assumptions, risks and uncertainties underlying the prospective financial statements

The prospective financial statements are unaudited. The main assumptions underlying the prospective figures are as follows:

- Operating costs are based on historical experience and forecast costs based on TRC Legal Group's business plan.
- The following economic assumptions will eventuate:

Assumption (source: Treasury)	Level of uncertainty	Risk	Financial impact
Average change in CPI: +2.0%	Moderate	That actual inflation is higher than forecast inflation	Movements in market prices will impact TRC Group's operating costs as well as interest income.

The actual results achieved for the period covered by the prospective figures are likely to vary from actual results for the financial year 2022 and these variances could be material. Factors that could lead to material differences between the prospective financial statements and the 2022 actual financial statements, in addition to the sources of uncertainty mentioned above, include decisions being made that alter the assumptions made above.

TRC's operating expenditure is funded in the short-term through intercompany advances and dividends from its subsidiary, Tāmaki Regeneration Limited ("TRL"). Dividends are subject to an Entitled Persons Consent or Ministerial waiver of the Crown's right to receive dividends from TRL. The Crown holds all the preference shares in TRL, whereas TRC holds all the ordinary shares in TRL.

Tāmaki Regeneration Limited
Statement of Prospective Comprehensive Revenue and Expense (Unaudited)
For the year ending 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Revenue		
Development sales	15,362	11,119
Income-related rent subsidies	48,050	48,307
Rental income from tenants	19,918	18,797
Other	86	120
Total revenue	**83,416**	**78,344**
Expenditure		
Consultants and professional fees	182	152
Contractors and temporary staff	39	148
Management fee expense	11,300	13,399
Inventory costs	14,165	10,563
Repairs and maintenance	28,674	25,023
Utilities and insurance	11,781	11,632
Legal expenses	0	25
Other expenses	1,200	1,474
Total expenditure	**67,341**	**62,419**
EBITDAF*	16,075	15,925
Depreciation	36,751	33,050
(Gain)/loss on revaluation of rental properties	0	0
EBIT	(20,675)	(17,125)
Interest income	100	1,443
Interest costs	0	0
Net interest income	**100**	**1,443**
Tax expense	0	0
(Deficit) for the year	(20,575)	(15,682)
Total comprehensive revenue and expense	(20,575)	(15,682)

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

Tāmaki Regeneration Limited
Statement of Prospective Financial Position (Unaudited)
As at 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Assets		
Current assets		
Cash and cash equivalents	29,529	65,766
Trade and other receivables	8,420	9,045
Inventories	23,562	10,545
Total current assets	**61,511**	**85,356**
Non-current assets		
Property, plant and equipment	1,966,185	1,906,527
Shared ownership investments	8,866	3,794
Total non-current assets	**1,975,052**	**1,910,322**
Total assets	**2,036,562**	**1,995,678**
Liabilities		
Current liabilities		
Creditors and other payables	(24,857)	(18,368)
GST payable	(614)	12
Total current liabilities	**(25,471)**	**(18,356)**
Total liabilities	**(25,471)**	**(18,356)**
Net assets	**2,011,091**	**1,977,322**
Equity		
Ordinary shares - TRC Parent	0	0
Preference shares - Crown	1,788,013	1,720,668
Revaluation reserve	458,747	458,747
Accumulated (deficit)	(235,669)	(202,094)
Total equity	**2,011,091**	**1,977,322**

For and on behalf of the Board who authorise the issue of the financial statements on 30 June 2021.

Evan Davies
Chair
30 June 2021

Dr Susan Macken
Deputy Chair
30 June 2021

TĀMAKI

Tāmaki Regeneration Limited
Statement of Prospective Changes in Equity (Unaudited)
For the year ending 30 June 2022

	Contributed capital 2022 Prospective Unaudited $000's	Revaluation reserve 2022 Prospective Unaudited $000's	Accumulated (deficit) 2022 Prospective Unaudited $000's	Total 2022 Prospective Unaudited $000's
Balance at 1 July	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
Total comprehensive income	**0**	**0**	**(20,575)**	**(20,575)**
Owners' transactions				
Capital contribution	98,000	0	0	98,000
Dividends paid	0	0	(13,000)	(13,000)
Repayment of capital	0	0	0	0
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	**1,788,013**	**458,747**	**(235,669)**	**2,011,091**

	Contributed capital 2021 Prospective Unaudited $000's	Revaluation reserve 2021 Prospective Unaudited $000's	Accumulated (deficit) 2021 Prospective Unaudited $000's	Total 2021 Prospective Unaudited $000's
Balance at 1 July	1,668,024	458,747	(180,665)	1,946,106
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(15,682)	(15,682)
Other comprehensive revenue and expense	0	0	0	0
Total comprehensive income	**0**	**0**	**(15,682)**	**(15,682)**
Owners' transactions				
Capital contribution	60,000	0	0	60,000
Dividends paid	0	0	(5,747)	(5,747)
Repayment of capital	0	0	0	0
Adjustment on derecognition of inventory	(7,355)	0	0	(7,355)
Total contributions and distributions	**52,645**	**0**	**(5,747)**	**46,898**
Balance at 30 June	**1,720,668**	**458,747**	**(202,094)**	**1,977,322**

Tāmaki Regeneration Limited
Statement of Prospective Cash Flows (Unaudited)
For the year ending 30 June 2022

	2022 Prospective Unaudited	2021 Prospective Unaudited
Cash flows from operating activities	**$000's**	**$000's**
Receipts from development sales	10,291	3,319
Rental income from tenants	19,936	18,348
Income-related rent subsidies	48,050	48,307
Other revenue received	693	6,392
Management fee paid	(11,300)	(13,399)
Payments to suppliers	(46,200)	(44,449)
Net cash flow from operating activities	**21,470**	**18,518**
Cash flow from investing activities		
Purchase of freehold land and rental properties	(142,807)	(38,715)
Purchase of Shared ownership assets	0	(2,785)
Net cash flow from investing activities	**(162,807)**	**(41,500)**
Cash flow from financing activities		
Interest received	100	1,443
Dividend paid to TRC	(13,000)	(5,747)
Preference share drawdown	98,000	60,000
Preference Share drawdown	0	(19,877)
Net cash flow from financing activities	**85,100**	**35,819**
Net increase in cash and cash equivalents	**(36,237)**	**12,837**
Cash and cash equivalents at the beginning of the year	65,766	52,929
Cash and cash equivalents at the end of the year	**29,529**	**65,766**

Tāmaki Regeneration Limited

Reconciliation of deficit to net cash flows from operating activities (Unaudited)

For the year ending 30 June 2022

	2021 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
(Deficit) for the year	**(20,575)**	**(15,682)**
Adjustments for:		
Funding costs	(100)	(1,443)
Depreciation	36,751	33,050
Changes in:		
Trade and other creditors	7,115	4,657
Trade and other receivables	625	(2,064)
Net cash from operating activities	**21,470**	**18,518**

Tāmaki Regeneration Limited
Notes to the Prospective Financial Statements (Unaudited)
For the year ending 30 June 2022

Statement of Accounting Policies

REPORTING ENTITY

These prospective financial statements are for Tāmaki Regeneration Limited (TRL). TRL has determined that it is a public benefit entity (PBE) for financial reporting purposes. TRL is domiciled and operates in New Zealand. These prospective financial statements were approved by the Board on 30 June 2021.

TRL has prepared separate prospective financial statements as it is not part of the Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group's prospective financial statements are presented separately on pages 30 to 40 of this document. 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). TRL cannot be included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This document also presents separately, on pages 53 to 58, an aggregated set of prospective 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 6 *Consolidated and Separate Financial Statements* to consolidate TRL into TRC Group.

PROSPECTIVE FINANCIAL STATEMENTS

These prospective financial statements have been prepared for the express purpose of meeting legislative requirements set out under the Crown Entities Act 2004 and the use of these statements for any other purpose may not be appropriate. The description of the principal activities and current operations of TRL including those activities and operations expected to be undertaken during the period covered by these prospective financial statements are outlined in the strategic priorities section of this document. The actual financial results achieved for the year ending 30 June 2022 are likely to vary from these prospective financial statements and the variations could be material.

BASIS OF PREPARATION

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

Statement of Compliance

The prospective 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 presentation currency

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

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:

Receipts from land disposals

TRL disposes of land to one off purchasers as well as whanau approved under the TRC 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 asset classes are measured at cost, less accumulated depreciation and impairment losses, with the exception of the land and buildings transferred from Housing New Zealand which are measured at fair value.

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 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 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 retained earnings. 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, intangible assets and inventories

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.

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 asset's 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 asset's 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 asset's 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 is recognised in surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss 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.

Financial instruments

TRL classifies its 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 homeowner 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.

Financial instruments (cont'd)

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

Income tax

The prospective financial statements have been prepared on the basis that the companies in the TRC Legal Group are tax exempt. in accordance with the Taxation Amendment Act 2019.

Goods and services tax

All items in the prospective financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. 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 Inland Revenue Department (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 surplus/(deficit); and
- revaluation reserve; and
- preference shares

Critical accounting estimates and assumptions

In preparing these prospective 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.

Critical accounting estimates and assumptions (cont'd)

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 was effective as at 30 June 2020. 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.

Impact of Umbrella Agreement

As directed by the shareholding Ministers in May 2018 terms were agreed and an Umbrella Agreement was signed on 21 December 2018 with Kāinga Ora which sets out that Kāinga Ora is to be the master developer of state houses held by TRL in the Tāmaki area. Under this agreement TRL will maintain legal ownership of the land but will vacate agreed properties upon the commencement of a development project ("Stage") and provide a Licence to Occupy ("LTO") and grant a Power of Attorney ("PoA") for and in favour of Kāinga Ora to undertake their obligations which includes arranging demolition of existing properties, civil works to ready the land for development and the procurement of a developer to construct the new properties.

Based on terms and conditions agreed between Kāinga Ora and the developer, TRL will sell and transfer legal title of the property to the developer. The developer will construct the new properties, of which TRL will buyback agreed state housing properties with the remaining developed properties sold into the open market or into affordable housing products by the developer.

When freehold land and rental properties are committed to a development project, that portion of the freehold land which will continue to be used for state housing post-development is kept in property, plant and equipment and revalued annually consistent with that class of asset. The remaining portion, which will eventually be sold off in the private sector by the developer is moved into inventories which are valued at cost or transfer value on initial recognition. This inventory is then derecognised upon the issuance of an LTO and PoA to Kāinga Ora (see above) on the basis that all the risks and rewards of ownership transfer to Kāinga Ora at that point. The net carrying value (book value of inventory less provision against that property if any) is derecognised and written off the inventory balance with a corresponding entry against equity in the Statement of Changes in Equity.

Estimating the fair value of investment in shared ownership properties

Investment in shared ownership properties is recognised as a financial asset measured at fair value through surplus or deficit under the accounting standard PBE IPSAS 9 *Financial Instruments*. At each balance date, the fair value of the investment in shared ownership properties is estimated by taking the proportionate share of the market value at balance date that TRL holds in each property it has invested in and subtracting the present value of proportionate forgone net rental until its investment is forecast to cease. The weighted average cost of capital as the discount rate in this present value calculation is 5% which was selected considering a variety of factors such as Government and Auckland Council's cost of debt and appropriate risk margins. Given TRL has no debt, this number is the estimated cost of equity for TRL. The accounting policies applied in relation to recognition and measurement of financial assets and liabilities is provided in the Statement of Accounting policies on pages 49 to 50.

Critical accounting judgements

A critical accounting judgement made in the preparation of these prospective financial statements 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 which sets out some minor changes in the roles and responsibilities of both parties to the deed. THALP will continue to receive a per property per week management fee and TRL is still 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 (HUD) from October 2018, with regards to charging and collecting the IRRS subsidy and letting of tenants through the MSD 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.

Assumptions, risks and uncertainties underlying the prospective financial statements

The prospective financial statements are unaudited. The main assumptions underlying the prospective figures are as follows:

- Operating costs are based on historical experience and forecast costs based on TRC Legal Group's business plan.
- The following economic assumptions will eventuate:

Assumption (source: Treasury)	Level of uncertainty	Risk	Financial impact
Average change in CPI: +2.0%	Moderate	That actual inflation is higher than forecast inflation	Movements in market prices will impact TRL's operating costs as well as interest income.

The actual results achieved for the period covered by the prospective figures are likely to vary from actual results for the financial year 2022, and these variances could be material.

Factors that could lead to material differences between the prospective financial statements and the 2022 actual financial statements, in addition to the sources of uncertainty mentioned above, include decisions being made that alter the assumptions made above.

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Comprehensive Revenue and Expense
For the year ending 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Revenue		
Development sales	15,362	11,119
Other income	236	142
Rental income from tenants	19,918	18,797
Income-related rent subsidies	48,050	48,307
Total revenue	**83,566**	**78,366**
Expenditure		
Personnel costs	13,165	11,191
Inventory costs	14,165	10,563
Contractors and temporary staff	159	250
Directors' fees	313	235
Legal expense	163	132
Repairs and maintenance	28,690	25,035
Consultants and professional fees	4,766	4,588
Utilities and insurance	11,883	11,716
Other expenses	5,247	5,479
Total expenditure	**78,551**	**69,189**
EBITDAF	5,015	9,177
Depreciation	36,847	33,241
(Gain)/loss on revaluation of rental properties	0	0
Total depreciation, amortisation and fair value adjustments	**36,847**	**33,241**
EBIT	(31,832)	(24,064)
Interest income	100	1,451
Interest costs	0	0
Net interest income	**100**	**1,451**
(Deficit) for the year	(31,732)	(22,613)
Total comprehensive revenue and expense	(31,732)	(22,613)

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Financial Position
As at 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Assets		
Current assets		
Cash and cash equivalents	35,882	72,119
Trade and other receivables	8,944	9,569
Inventories	23,562	10,545
Total current assets	**36,172**	**92,233**
Non-current assets		
Property, plant and equipment	1,966,348	1,906,773
Intangible assets	656	(11)
Shared ownership investments	8,866	3,794
Total non-current assets	1,975,870	**1,910,557**
Total assets	**2,044,258**	**2,002,790**
Liabilities		
Current liabilities		
Creditors and other payables	(36,593)	(31,502)
GST payable	(1,104)	(340)
Annual leave liability	(558)	(558)
Total current liabilities	**(38,254)**	**(32,399)**
Total liabilities	**(38,254)**	**(32,399)**
Net assets	**2,006,004**	**1,970,390**
Equity		
Ordinary shares - Crown	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500
Preference shares - Crown	1,788,013	1,720,668
Revaluation reserve	458,747	458,747
Accumulated (deficit)	(249,256)	(217,525)
Total equity	**2,006,004**	**1,970,390**

For and on behalf of the Board who authorise the issue of the financial statements on 30 June 2021.

Evan Davies
Chair
30 June 2021

Dr Susan Macken
Deputy Chair
30 June 2021

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Changes in Equity
For the year ending 30 June 2022

	Contributed Capital 2022 Prospective Unaudited $000's	Revaluation Reserve 2022 Prospective Unaudited $000's	Accumulated (deficit) 2022 Prospective Unaudited $000's	Total 2022 Prospective Unaudited $000's
Balance at 1 July	1,729,168	458,747	(217,525)	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
Total comprehensive income	0	0	(31,732)	(31,732)
Owners' transactions				
Capital contribution	98,000	0	0	98,000
Repayment of capital	0	0	0	0
Dividends paid	0	0	0	0
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	1,796,513	458,747	(249,256)	2,006,004

	Contributed Capital 2021 Prospective Unaudited $000's	Revaluation Reserve 2021 Prospective Unaudited $000's	Accumulated (deficit) 2021 Prospective Unaudited $000's	Total 2021 Prospective Unaudited $000's
Balance at 1 July	1,676,524	458,747	(194,912)	1,940,359
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(22,613)	(22,613)
Other comprehensive revenue and expense	0	0	0	0
Total comprehensive income	0	0	(22,613)	(22,613)
Owners' transactions				
Capital contribution	60,000	0	0	60,000
Repayment of capital	0	0	0	0
Dividends paid	0	0	0	0
Adjustment on derecognition of inventory	(7,355)	0	0	(7,355)
Total contributions and distributions	52,645	0	0	52,645
Balance at 30 June	1,729,168	458,747	(217,525)	1,970,390

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Cash Flows
For the year ending 30 June 2022

	2022 Prospective Unaudited $000's	2021 Prospective Unaudited $000's
Cash flows from operating activities		
Receipts from development sales	10,291	3,319
Rental income from tenants	19,936	18,160
Income-related rental subsidy	48,050	48,307
Other revenue received	843	6,437
Payments to suppliers	(56,805)	(48,129)
Payments to employees	(13,165)	(11,283)
Net cash flow from operating activities	**9,149**	**16,811**
Cash flow from investing activities		
Purchase of property, plant and equipment	(143,487)	(38,850)
Purchase of shared ownership assets		(2,785)
Net cash flow from investing activities	**(143,487)**	**(41,635)**
Cash flow from financing activities		
Interest received	100	1,451
Interest paid	0	0
Preference share offset	0	(19,877)
Preference share drawdown	98,000	60,000
Net cash flow from financing activities	**98,100**	**41,575**
Net increase in cash and cash equivalents	(36,239)	16,752
Cash and cash equivalents at the beginning of the year	72,119	55,367
Cash and cash equivalents at the end of the year	35,882	72,119

Tāmaki Redevelopment Company Limited Legal Group
Notes to the Prospective Financial Statements (Unaudited)
For the year ending 30 June 2022

REPORTING ENTITY

These prospective 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 prospective financial statements for the TRC Legal Group are the aggregated prospective financial statements of TRC Group & TRL, each of which have been included separately as part of this document.

BASIS OF PREPARATION

The prospective financial statements of the TRC Legal Group are a non-GAAP aggregated set of prospective 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 forecast financial position of TRC Legal Group and its prospective results for the year ended 30 June 2022 in one set of prospective financial statements. Such a presentation has to be treated as a non-GAAP set of prospective financial statements as it is not acceptable under PBE IPSAS 6 *Consolidated and Separate Financial Statements* to consolidate TRL into TRC Group.

The most appropriate way to describe and present such a set of prospective financial statements is as a non-GAAP aggregation. These prospective financial statements have been clearly marked as a non-GAAP aggregation. They have been prepared on a going concern basis. These prospective financial statements have applied the same accounting policies that TRC Group and TRL have applied as set out in their own prospective financial statements within this document. The accounting policies have been applied consistently throughout the period.

The notes to these financial statements are limited to the Statement of Accounting Policies. Aggregated TRC Group & TRL note disclosures are not included in these financial statements and are instead individually set out in the notes to the financial statements of TRC Group and TRL included within this document.

Statement of compliance

The prospective 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 6 *Consolidated and Separate 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 prospective financial statements (non-GAAP) have been prepared in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

Tāmaki Redevelopment Company Limited Legal Group
Notes to the Prospective Financial Statements (Unaudited) (Cont'd)
For the year ending 30 June 2022

Functional and presentation currency
The aggregate TRC Group & TRL prospective 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 prospective financial statements of TRC Group and TRL.