TĀMAKI REGENERATION

STATEMENT OF PERFORMANCE EXPECTATIONS

2020-2021

Tāmaki is an awesome place to live

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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 2020-2021 financial year ("FY21"), 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 2020-2021 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 acknowledges that the performance measures, targets, and prospective financial information contained SPE are based on the best available information, but there is significant uncertainty in the operating environment due to the impacts of the COVID-19 pandemic. Accordingly, the Board will regularly review progress during FY21 and, should TRC's operations and prospective financial information be materially impacted, may amend the Final SPE, pursuant to section 149K of the Crown Entities Act.

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 2020 Date	30 June 2020 Date

PURPOSE OF STATEMENT OF PERFORMANCE EXPECTATIONS

This document is TRC's Statement of Performance Expectations 2020-2021 and should be read in conjunction with our Statement of Intent 2018-2022, which describes our organisation and medium-term strategic intent 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 2020-2021 financial year, along with appropriate output measures 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.

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.

As aforementioned, this SPE was developed under uncertain planning conditions as a result of COVID-19. The contents of the SPE reflect a programme of work refocussed on economic recovery, alongside continued delivery within TRC's mandated strategic priority areas. We have based this programme of work on expected impacts to the local economy, labour market, and housing market, which remain uncertain at the time of writing. Our approach to the FY21 budget and any immediate expenditure has been one of prudence and appreciation of the financial impact of COVID-19 on many New Zealanders.

[1] Note that the Annual Report 2021 will serve as the Q4 Report for FY21.

ABOUT TĀMAKI REDEVELOPMENT COMPANY

The Tāmaki Regeneration Company (TRC) is leading a first-of-its-kind urban regeneration programme in New Zealand. It is creating a place where everyone can flourish in an inclusive, affordable, sustainable, and vibrant community.

Tāmaki is set on the Tāmaki river in east Auckland and includes the suburbs of Glen Innes, Panmure and Point England. It has a rich cultural history and an outstanding natural environment. diverse, youthful community where generations of Pasifika and Māori whānau live, alongside other Kiwis.

There are, however, significant challenges within the area. These include many people seeking work, and a high number of residents receiving support from the government. It is also home to a significant number of state houses, mostly built in the 1940s and 1950s, that are cold and damp and no longer serving our families well.

At the time of writing, the world and New Zealand is changing, as we are in the grips of the COVID-19 global pandemic and subsequent economic downturn. This makes the regeneration programme even more vital, as we prepare for an uncertain future. While our strategic direction and priorities of Social Transformation, Economic Development, Placemaking, and Housing Resources remain unwavering, this is a time when we need to take decisive, practical, and compassionate action to help support our strong and resilient community through this unprecedented time.

TRC will therefore refocus its programme of work on economic recovery, to ensure the people and businesses of Tāmaki have the best chance to survive and thrive.

There are four priorities for this recovery effort – to help Tāmaki people into jobs, to support local businesses, to build more new homes, and to support vulnerable whānau. TRC's COVID-19 economic recovery plan includes new initiatives to meet these objectives, including:

- Accelerating our planned maintenance programme, enabling local construction businesses to remain viable and generating quality jobs for people in Tāmaki;
- Working with our Kāinga Ora – Homes and Communities ("Kāinga Ora"), and existing development partners to plan and develop housing on TRC's vacant sites, with TRC committing to purchase back all homes delivered on those sites;
- Investigating the potential to purchase a greater proportion of properties from current development projects in Tāmaki, increasing guaranteed takeout for development partners and adding to our state and affordable housing stock;
- Working with our partners, including Kāinga Ora, Crown Infrastructure Partners, and the Auckland Council family, to accelerate the delivery of key in-ground, transport, and social infrastructure in Tāmaki;
- Expanding the Tāmaki Jobs and Skills Hub's capabilities by establishing a support service for Tāmaki businesses, to ensure that they are aware of and able to access support available from central and local government, and partnering with the Building and Construction Industry Training Organisation to refocus the Hub's efforts on training a construction-ready local workforce.

Where some certainty exists, further details about these initiatives, and associated performance measures, are reflected within this SPE.

Alongside the COVID-19 economic recovery effort, we will continue to deliver the fundamentals of the regeneration programme, including:

- Helping Tāmaki whānau into their first home by delivering a range of affordable housing products, including shared ownership, affordable rental, and build-to-rent models. This year, we will work with the Crown to ensure that our Affordable Housing Programme is adapted to meet the changing demand within the local community. These housing products are being tailored to meet the profile of the Tāmaki community and support the Government's commitment to deliver affordable and secure home ownership models;

- Creating quality jobs in Tāmaki and supporting our local people into employment, reducing the need for government support;
- Working with Kāinga Ora to ensure the quality of housing and regeneration neighbourhoods being delivered in the area is consistent with the urban design approach and guidelines in the Tāmaki Precinct Masterplan;
- Implementing the Tāmaki Education Change Plan in partnership with the Ministry of Education (MOE). This long-term plan will improve education outcomes in Tāmaki and attract new families to the area;
- Supporting our partners, Te Hoe oo Tāmaki and Te Whānau o Waipareira, to provide an intensive support service for families with complex needs, called Whānau by Whānau. This service will tackle those factors that trap families in crisis and poverty;
- Revitalising the town centres and employment zones in Tāmaki, by working closely with Auckland Council agencies and the Maungakiekie-Tāmaki Local Board; and
- Providing a world-class tenancy management service by taking a personalised approach and working with whānau to achieve their aspirations, led by the Tāmaki Housing Association Limited Partnership (referred to as either "Tāmaki Housing Association" or "THA" interchangeably)[2].

These services and programmes, and the core elements of the holistic regeneration programme, will continue to play an important role in supporting the development of the local economy and enabling Tāmaki whānau to progress their lives.

In addition to this, TRC will have an increasingly important role to play in the Crown's regeneration of other communities across New Zealand. We will continue to support the Ministry of Housing and Urban Development 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 well-being outcomes for other communities. We will formalise our support and partnership arrangements with Kāinga Ora in other regeneration locations, such as Porirua.

We will continue to embrace the Government's collaborative approach to Māori-Crown relationships. This includes engaging with mana whenua on the regeneration programme, pursuing opportunities for partnership with Māori entities and businesses, and building staff Māori capability, including knowledge of tikanga Māori and te ao Māori. These are important operating principles that speak to who we are as an organisation.

It is recognised that our mandate to maximise the economic and social returns for Tāmaki will require trading-off some financial return for TRC and the Crown. This trade-off is being identified and measured.

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

OUR OPERATING ENVIRONMENT

Overview: Responding to Change

Setting our direction requires us to understand the key factors influencing our operating environment and how these will change the way we will operate into the future. At the time of writing, the COVID-19 pandemic continues to spread across the globe and impact our way of life in New Zealand. While this creates significant uncertainty, it is evident that we are entering a period of challenging economic conditions.

This will cause disruption to the delivery timeframes of some projects and may impact on our ability to meet our SPE targets. Other projects may be prioritised or fast-tracked due to a dedicated recovery effort and possible injection of government funding to provide fiscal stimulus to the local economy. We stand behind the Government's response to COVID-19 and acknowledge that we will need to adapt in response to changing conditions during FY21. Over the next year, we will work collaboratively with our partners across the public and private sectors, and in the community, to deliver projects in Tāmaki, with a focus on providing employment opportunities for locals.

Our Role in the Housing and Urban Development Landscape

In this fluid operating environment, we will continue to work towards our long-term goals. 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 state housing supply, the development of government-sponsored affordable housing models, improvements to rental housing standards, and policies to reduce homelessness.

To support this programme, the Government established two key entities over the past 18 months; the Ministry of Housing and Urban Development, which serves as TRC's monitoring agency, and Kāinga Ora, a centralised housing and urban development authority. Kāinga Ora is responsible for leading large-scale urban development projects, managing public housing, and ultimately delivering on the Government's vision of healthy, secure, and affordable homes within diverse and thriving communities. Kāinga Ora is TRC's development delivery partner in Tāmaki and TRC is supporting Kāinga Ora in other regeneration locations, such as Porirua.

Our Long-Term Contribution to Government's Priorities

There is strong alignment between the priorities and outcomes of the Tāmaki regeneration programme and the Government's policy agenda to improve living standards and wellbeing for New Zealanders. 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. To this end, we are continuing to work closely with our partners across the public sector and in the community to deliver transformational programmes for Tāmaki whānau. Our work is also helping to reshape the social service system, regionally and nationally, based on a deep understanding of the barriers, enablers, and drivers of change for whānau.

Our contribution to the Government's commitment to address Auckland's housing challenges is unique. The Tāmaki regeneration programme is transforming 170 hectares of suburban land to deliver new, warm, dry state houses, alongside affordable, KiwiBuild, and private market homes. To date, we have delivered more than 670 houses through the programme and have started driving improvements to local infrastructure and enhancements to community amenities. We will continue to work closely with Kāinga Ora, who are accountable for the delivery of quality new housing in Tāmaki, ensuring that the redeveloped homes and neighbourhoods enable the broader regeneration objectives of the Crown and our community.

The build programme will continue to have a significant stimulatory effect on the local economy and will:

- **Drive the supply of diverse housing stock to the Auckland market**, including state, affordable, KiwiBuild, and private market homes;

- **Create thousands of jobs for locals** over the life of the programme;

- **Provide a range of affordable housing opportunities for locals**, supported through our programmes to improve financial capability; and

- **Create thriving mixed-tenure neighbourhoods.**

We continue to hold overall responsibility for the regeneration of Tāmaki. In addition to the new, warm dry homes that will be delivered by Kāinga Ora and its development partners through the housing redevelopment programme, we are working with central and local government partners to ensure the provision of excellent social infrastructure, efficient transport connections, quality neighbourhoods, and sustainable job opportunities that will support Tāmaki's growing population to thrive.

The Government's priorities to raise living standards and wellbeing for families and significantly reduce child poverty are aligned with the integrated package of initiatives that we are facilitating or leading in Tāmaki. There are numerous whānau in Tāmaki who will struggle to access the opportunities created through the regeneration due to the complexity of challenges they have in their life, the immediate needs facing them. Working with the local community and experts, we have developed a framework for an intensive support service, called Whānau by Whānau, to meet the needs of this group. This initiative will be implemented in the following 12 months.

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

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 community to develop a "neighbourhood approach" to regeneration. The approach is underpinned by ongoing community involvement and participation in the design process and is committed to delivering outcomes based on community needs and aspirations.

- **Māori identity and wellbeing:** Over the past few years, we have deepened our relationships with mana whenua, establishing strategic partnerships with local iwi. We continue to work closely with the Ruapotaka Marae, who sit at the heart of our Māori community, to enhance the well-being of whānau in Tāmaki, including in their role as part of the Te Hoe oo Tāmaki collective.

- **Homes and places:** Over the next 20 years, the regeneration programme will see 2,500 existing state houses transformed into new warm, dry state houses, alongside additional affordable, KiwiBuild, and private market houses, as part of thriving mixed-tenure communities in Tāmaki.

- **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, will contribute directly to the success of TRC's broad regeneration programme.

- **Environment and cultural heritage:** Each year, we collaborate with the community and local environmental groups to deliver the Omaru Creek Restorative Action Programme, bringing focus to the ways in which regeneration can improve environmental and biodiversity outcomes. We are working closely with Auckland

Council on a comprehensive Stormwater Management Plan for Tāmaki, with the aim of improving water quality and environmental outcomes. We are also planning to work with mana whenua and community to develop a strategy and implementation plan to protect and enhance Tāmaki's natural environment.

- 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.

We work collaboratively with the Auckland Council family and Maungakiekie-Tāmaki Local Board on a range of regeneration projects, including infrastructure planning and delivery, town centre revitalisation projects for Glen Innes and Panmure, projects to encourage development and investment into industrial and employment zones, and urban activations and events throughout the area.

OUR STRATEGIC FRAMEWORK

Our long-term vision is that "Tāmaki is an awesome place to live", and our work is guided by four long-term strategic priorities for the regeneration programme. This section defines those strategic priorities, with our objectives and work programme within each strategic priority area, and the results we are aiming for over the next 12 months, described in the following sections.

It is important to note that our ability to achieve the targets and milestones detailed in this document is likely to be impacted by the effects of COVID-19 on our broad work programme; accordingly, we will review our SPE targets and milestones regularly during FY21 and report on how changes to our operating environment impact on specific measures and deliverables.

Our Strategic Priorities

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

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;

SOCIAL TRANSFORMATION: Supporting Tāmaki residents and families to gain the skills, knowledge, and employment opportunities to progress their lives;

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 (with a focus on increasing the return on investment and realising the potential value from state and council-owned housing); and

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

These four strategic priorities contribute to Crown and Auckland Council strategic goals, the wider social and economic objectives for the region, and the Tāmaki Outcomes Framework[3]. The Tāmaki Outcomes Framework defines the long-term outcomes for Tāmaki that our work contributes to and was agreed with the Crown, Auckland Council, and the community in 2016.

[3] We are in the process of updating the terminology contained in the Tāmaki Outcomes Framework and, while this process has not been completed, have used the updated terminology in this document.

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 that Tāmaki provides an exemplar for the future of Auckland. Each year, the new houses that are built test and stretch thinking for how to deliver well-designed, affordable, sustainable homes that people love to live in.

Tāmaki attracts people from all different worlds, from professionals and young families to empty nesters and retirees. Most describe being drawn to the appeal of living in one of Auckland's most diverse, vibrant, and greenest communities, with outstanding natural assets, 'eco' homes, fantastic public transport and cycleways, and garden streets, all within close proximity of Auckland's city centre.

Tāmaki's focus on creating affordable homes means that, despite its growth in popularity, renting or owning a home here is not out of reach. People reach out, seeking strong ties with their neighbours, community, and schools, knowing that this is a place where you can lay down roots.

Asset Management

We are an efficient and effective manager of our significant state housing portfolio, with a strategic asset management system and tactical investment strategies in place to guide our operational activities. 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 community over the long-term, while adhering to the overarching principles of the regeneration programme.

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. Regardless of the CGI, all properties will meet the health and safety requirements expected of a state house.

Our ability to successfully manage our tenancies is linked to our asset management maturity and the mechanisms that we have put in place to ensure that our tenants live in quality state housing. 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. From 1 July 2020, we will have a new maintenance contractor in place, following a successful procurement process that was completed during FY20. We will work closely with our existing contractor and new contractor to ensure a seamless transition of service provision for our tenants.

At the time of writing, in response to COVID-19, we have implemented some temporary changes to the way we deliver our asset management programme. While we have continued to undertake urgent repairs to our properties that are related to human health or safety, these operational changes have restricted our ability to complete planned maintenance. Accordingly, as restrictions are lifted, we will bring forward planned maintenance and accelerate our Quality Housing Maintenance Programme, increasing spend above baseline over the next two years.

The Quality Housing Maintenance Programme involves property upgrades relating to the Healthy Homes Standards, the internal refurbishment of some homes, and retrofitting of other properties within the portfolio. Accelerating this programme will provide direct stimulus to the local economy, enabling local construction businesses to remain viable and generating quality employment opportunities for people in Tāmaki. At all times throughout these processes, and in our decision-making around asset management, we will prioritise the health and wellbeing of our state housing whānau.

During the 2020/21 financial year, we will:

- Bring forward TRC-planned maintenance and our Quality Housing Maintenance Programme, enabling local construction businesses to remain viable and generating quality jobs for people in Tāmaki;
- Manage our housing portfolio efficiently and effectively, within a complex regeneration and public health environment;
- Continue to improve the overall quality of our portfolio by purchasing newly built state houses and upgrading existing stock as required, acknowledging that there may be impacts to housing delivery over the next 12 months;
- 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; and
- Ensure that state 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 has vibrant neighbourhoods.	
Our Objectives: What we are aiming to deliver.	• Ensure our state housing tenants live in houses that are fit-for-purpose.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 20/21
	Portfolio average property condition (CGI).	2.52
	Percentage of customers satisfied with repairs and maintenance.	65%
	Percentage of lettable homes that are let.	98%
	Average inter-tenancy void turnaround time (vacant to ready to let).	28 Days

Tenancy Management

Looking after our tenants is our top priority and our tenancy management services arm, Tāmaki Housing Association (THA), delivers an innovative tenancy management service in Tāmaki that places the wellbeing of our state 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 state housing whānau.

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 state 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. We understand that, in the current climate, these plans will need to be adaptive and respond to changes in the operating environment. At all times, we adhere to the Tāmaki Commitment that those who wish to stay in Tāmaki will have the opportunity to do so.

We recognise that the COVID-19 pandemic has increased the challenges faced by our state housing whānau, as well as the wider community. This will require flexibility in the way that we are managing our tenancies, including the need to provide greater support to some tenants, to ensure that they are able to sustain their tenancies. We stand ready to work with our partners to provide support to vulnerable state housing whānau throughout this period. Specific measures to support our state housing whānau at this time are described in further detail in subsequent sections within this SPE. Working with state housing whānau in this compassionate and flexible way is both the right thing to do and an approach that we feel confident will enable whānau to achieve their aspirations.

Engaging with and understanding the needs of our state housing whānau, and levels of satisfaction with the service we provide, is vital to the strategic outcomes of the regeneration programme and to our ability to provide a world-class social housing service. We have reviewed our tenant customer satisfaction measure and adopted a simplified methodology that more than meets best practice standards within New Zealand. We will now be employing a more stringent calculation methodology, whereby tenants need to rate their overall satisfaction with Tāmaki Housing at 7 out of 10 or higher to be deemed as satisfied with the overall service we provide; accordingly, we have set the FY21 target for this measure to 70%, in line with these changes. Note that this does not indicate any reduction in the levels of service that we provide to our tenants, it merely reflects a change in survey methodology as described.

During the 2020/21 financial year, we will:

- Manage our tenancies efficiently, effectively, and compassionately, within a complex regeneration and public health environment;
- Work closely with our tenants, particularly those with at-risk tenancies, to ensure those tenancies are sustained;
- Respond to tenant requests quickly and resolve issues within agreed timeframes; and
- Always adhere to the Tāmaki Commitment.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has quality housing. • Tāmaki has vibrant neighbourhoods.	
Our Objectives: What we are aiming to deliver.	• Ensure our state housing tenants live in houses that are fit for purpose. • Ensure tenant-landlord relationships are managed professionally, with tenants being treated respectfully throughout rehousing.	
Outputs – Desired Trends:	MEASURE	TARGET 20/21
	Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki who are rehoused within Tāmaki.	**100%**

STRATEGIC FRAMEWORK	LINK	
How we will know we are making progress.	Tenant's overall satisfaction rating for Tāmaki Housing.	70%[4]
	Rental debt older than 7 days as a percentage of monthly rental income.	<10%
	Tenancy management cost per unit.	<$2167[5]
	Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	10 Days
	Percentage of urgent health and safety queries responded to within 4 hours.	90%

[4] This reflects 70% of tenants surveyed rating their overall satisfaction with Tāmaki Housing at 7 out of 10 or higher.

[5] The target for this measure is linked to the Auckland Rents component of the Consumer Price Index.

Housing Supply

The Government has a focus on 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 state, affordable, KiwiBuild, and private market homes. This programme has even greater importance in the current landscape, with demand for public housing likely to increase in coming years and increased development activity providing a vehicle to stimulate the local economy and preserve incomes for Tāmaki households.

Kāinga Ora remains accountable for the delivery of new warm and dry homes in Tāmaki, which will see 2,500 of the existing state houses replaced with new state houses, alongside additional affordable, KiwiBuild, and private market houses. Kāinga Ora shares our objectives of delivering regeneration through high-quality urban design and placemaking. This is a long-term partnership and we are continuing to deepen our relationship, to ensure organisational alignment that will deliver the best outcomes for the Crown and community. The strength of this relationship will prove invaluable as we move forward into a post-COVID-19 landscape.

Development activity in Tāmaki was temporarily suspended for five weeks as a result of COVID-19, denting the momentum of the build programme. Further, COVID-19's impacts on supply chain integrity, construction labour force stability, and market drivers mean that all parties involved in the development process will need to be adaptable, seek opportunities to innovate, and above all work together in a collaborative fashion. TRC and Kāinga Ora will investigate purchasing a greater proportion of properties from current development projects in Tāmaki, increasing guaranteed takeout for development partners. Our objective in doing this is to mitigate market risk for our delivery partners.

We will work with Kāinga Ora to bring forward planning of the Glen Innes North West neighbourhood and will have four[6] of the seven neighbourhoods within the Tāmaki Precinct Masterplan being actively planned. This will help to quantify the in-ground infrastructure issues that we know exist, resolve funding solutions, and create the long-term programme of infrastructure work required to support developments. This planning work will also support existing design partners in the short-term and confirm a pipeline of future projects for development partners over the medium-term, giving them confidence to continue operating in Tāmaki into the future. In addition, bringing forward the planning of this neighbourhood will accelerate the delivery of other enabling infrastructure, such as new or upgraded educational infrastructure and other facilities to meet community needs.

We will also commence a new piece of work with Kāinga Ora and existing development partners, focussed on developing housing on TRC's vacant sites. We will commit to purchasing back all homes delivered on these sites that are delivered to the specifications and price points required for our state and affordable homes. Our objective in doing this is to provide financial certainty to those partners undertaking work on those sites, as well as increasing the number of state and affordable houses available for Tāmaki whānau. Based on Kāinga Ora's housing delivery forecasts for FY21, we expect to be able to purchase approximately 60 new state homes and an additional 10 affordable homes during the year. Working with Kāinga Ora, we will ensure that all housing projects in Tāmaki are underpinned by social procurement principles.

Infrastructure delivery remains a key enabler of the development programme in Tāmaki and 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 work with our partners, including Kāinga Ora, Crown Infrastructure Partners, and the Auckland Council family, to accelerate the delivery of key in-ground, transport, and social infrastructure in Tāmaki. This will create the conditions for the accelerated build programme described above and is consistent with government objectives to provide certainty to the construction sector and enable construction firms to continue providing quality employment opportunities for Kiwis.

It is important to note that increasing housing supply is not the only thing that will be delivered by neighbourhood redevelopment. Neighbourhoods that are well designed and built lead to other outcomes that TRC is acountable for,

[6] The other neighbourhoods within the Tāmaki Precinct Masterplan being actively planned are Point England, Panmure North, and the Tāmaki Employment Precinct.

such as improved social cohesion, increased perceptions of safety, improved physical and mental health, and greater civic and community participation. With this in mind, we will work closely with Kāinga Ora through the design process to ensure the quality of housing and regeneration neighbourhoods being delivered in Tāmaki is consistent with the urban design approach for Tāmaki that was documented in the Tāmaki Precinct Masterplan. This urban design approach will be upheld through mechanisms such as the Tāmaki Design Guidelines, Tāmaki Design Review Panel, and Quality Neighbourhood Framework. We will also contribute to the delivery of new housing in Tāmaki by ensuring that we support state housing whānau through the rehousing process, in alignment with the housing redevelopment schedule.

During the 2020/21 financial year, we will:

- Work with Kāinga Ora and existing partners to plan and develop housing on TRC's vacant sites, with TRC committing to purchase back all homes delivered on those sites that are delivered to the specifications and price points required for our state and affordable homes;
- Investigate the potential to purchase a greater proportion of properties from current development projects in Tāmaki, increasing guaranteed takeout for development partners and adding to our state and affordable housing stock;
- Bring forward planning of the Glen Innes North West neighbourhood, in collaboration with Kāinga Ora; and
- Purchase approximately 40%[7] of all new homes delivered in Tāmaki by Kāinga Ora during the financial year, contributing to the renewal of our housing portfolio and the delivery of our Affordable Housing Programme.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has quality housing. • Tāmaki has vibrant neighbourhoods.	
Our Objectives: What we are aiming to deliver.	• Provide a continued supply of quality houses across the housing continuum.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 20/21
	Percentage of homes delivered in Tāmaki by Kāinga Ora during the financial year that are purchased by Tāmaki Regeneration Limited.	**40%**[8]
Enabling Project: What we need to do to support our objectives.	PROJECT	MILESTONE 20/21
	Glen Innes North West During FY21, we will work with Kāinga Ora to bring forward planning of the Glen Innes North West neighbourhood.	Commence neighbourhood planning for Glen Innes North West

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.

[7] This figure refers to the percentage of Kāianga Ora-delivered homes that are forecast to be practically complete during the financial year that Tāmaki Regeneration Limited commits to purchase (encompassing both state and non-state properties), noting that the final financial transaction on some of these properties may be executed in the subsequent financial year.

[8] See previous footnote.

Revenue and Output Expenses		2020/21 PROSPECTIVE UNAUDITED ($000s)
	Revenue	
	Crown	-
	Other	67,025
	Total Revenue	**67,025**
	Expenditure	83,137
	Net (Deficit)	**(16,112)**

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

Tāmaki residents and families have the skills, knowledge and employment opportunities to progress their lives

Long-Term Vision

Our vision is that Tāmaki prides itself as being a place of wellbeing and nurture. The Tāmaki values of being welcoming, inclusive, and supportive are well-known across Auckland and throughout New Zealand. There is an acceptance within the community that people come from all walks of life, and people take pleasure in reaching out to support others in small, practical ways whenever they can.

With their everyday needs met, those living in Tāmaki can invest in themselves. Tāmaki is a place of growth, where people can meet their potential. Skills training and education, along with active job placement and mentoring, has generated numerous success stories of people finding work, providing for their families, and regaining their pride.

Children thrive in Tāmaki. Playgrounds, swimming centres, libraries, and community halls are buzzing with parents singing, dancing, playing, and reading with their children, and making new friendships with other families. A diverse range of early child education centres cater to Tāmaki's mixed tenure, multicultural communities. Students at the local colleges see a future of unlimited opportunity.

This dynamic local education ecosystem is one of the area's most attractive features, with many young families settling in Tāmaki based on its educational reputation. A focus on excellence and a rich cultural life equip students to succeed, whatever their pursuits. With strong ties and pride in their community, former students regularly return to encourage, inspire, and mentor the next generation.

Social Transformation

Our overarching objective in this area is to support Tāmaki residents and whānau to gain the skills, knowledge, and employment opportunities to progress their lives. To achieve this, we engage with the community and undertake research to deeply understand the needs of Tāmaki whānau. Based on this understanding, we galvanise and catalyse the efforts of public, private, and community partners to co-design transformational social and economic programmes for Tāmaki whānau. While these programmes are already delivering benefits for the community and the Crown, the social and economic dividends that will be realised through these programmes will be significantly increased over time.

TRC's Social and Economic Regeneration Programme is strongly aligned with the Government's priorities to raise living standards and wellbeing for families and reduce child poverty. Our work in this area is about improving outcomes for Tāmaki whānau by delivering more effective and joined-up social services, targeted at those who will gain the most benefit from them. This work feeds directly into strategic planning at a regional and national level by the Auckland District Health Board, Oranga Tamariki, and the Crown's Social Investment Board, to help ensure support services are designed based on a deep understanding of community needs and enablers.

There are numerous whānau in Tāmaki who will struggle to access the opportunities created through the regeneration due to the complexity of challenges they have in their life, the immediate needs facing them, such as housing and food insecurity, and an absence of other support factors. Working with the local community and experts, we developed the framework for an intensive support service, called Whānau by Whānau, to meet the needs of this group. During FY20, we identified our partners to deliver the service – a partnership between Te Hoe oo Tāmaki, a consortium of experienced local service providers and community leaders[9], and Te Whānau o Waipareira.

In response to the immediate needs of the community at the time of writing, we have supported our partners to stand up a community response programme, bringing forward the establishment of a collection and distribution channel for kai for local whānau, as planned under the Whānau by Whānau project. Additionally, the team has been supporting Tāmaki whānau through these challenging times through the provision of wellbeing services and the establishment of a tailored platform to disseminate essential information from the ADHB, Ministry of Health, and other organisations via community leaders.

We recognise that many households in Tāmaki will be experiencing material reductions in household income and will be facing into an uncertain future in terms of employment. To respond to this, we will work with existing budgeting services and social lenders, such as Good Shepherd and the Bank of New Zealand's community financing programme, to deliver a debt management and debt-relief programme to state housing tenants and other Tāmaki residents. The intent of this new initiative is to support vulnerable Tāmaki whānau by driving down their fixed costs, increasing their disposable income, consolidating high-interest debts into one low or zero-interest loan, and discouraging borrowing from unethical lenders. Note that TRC will play a facilitation role in this initiative and will not act as a debt consolidator or holder itself.

The Tāmaki Jobs and Skills Hub operated in partnership with the Auckland Business Chamber supports local people into training and employment opportunities. The Hub has a unique operating model, built on a foundation of manaakitanga, trust, and working with whānau to truly understand their career goals and life aspirations. To enable locals to capture the employment opportunities that will be generated through construction projects in Tāmaki and Auckland, we will partner with the Building and Construction Industry Training Organisation ("BCITO") to provide more construction-specific training programmes for local jobseekers. The BCITO will have a clear focus on training a local construction-ready workforce, which will equip Tāmaki locals with skills in high demand in the economy and create a pool of skilled local employees for our development partners to draw on. This initiative is aligned with the Trades and Apprenticeships Training Package announced by the Government in Budget 2020.

TRC has developed a bespoke range of affordable products across the housing continuum that are tailored to meet the needs of the Tāmaki community, as well as creating a pipeline of local whānau that are ready to progress into affordable housing properties as these are delivered. Affordable housing is a fundamental part of the regeneration programme, providing a steppingstone for whānau out of state housing and, ultimately, into home ownership. Over the next year, we will work with the Crown to ensure that our Affordable Housing Programme expands to meet the strong demand within the local community. As we continue to innovate our Affordable Housing Programme, we will share our learnings and expertise in this space with government officials as they develop affordable housing schemes in other locations.

During the 2020/21 financial year, we will:

- Work with existing budgeting services and social lenders to deliver a debt management and debt-relief programme to state housing tenants and other Tāmaki residents;
- Expand the existing offering of the Tāmaki Jobs and Skills Hub for jobseekers, with a focus on training a construction-ready local workforce;
- Work with the Crown to ensure that our Affordable Housing Programme meets the strong demand within the Tāmaki community;
- Enhance education and employment opportunities for Tāmaki residents through our strategic influence and jobs and skills initiatives;

[9] Te Hoe oo Taamaki is a collective that includes the Glen Innes Family Centre, Ruapotaka Marae, and Tāmaki Community Development Trust.

- Equip Tāmaki whānau with the financial knowledge and tools to be able to transition out of the need for state housing, over time;
- Provide system stewardship through our collective impact projects, undertaking deep research within the community to shape key projects in education, health, and social services; and
- Support our partners, Te Hoe oo Tāmaki and Te Whānau o Waipareira, to operationalise Whānau by Whānau, an intensive support service for local families with multiple and complex needs.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki whānau have a strong Tāmaki identity. • Tāmaki whānau have good health and wellbeing. • Tāmaki whānau are financially secure and independent.	
Our Objectives: What we are aiming to deliver.	• Support Tāmaki residents into education and employment opportunities. • Provide a diverse range of affordable housing options for Tāmaki whānau. • Support families with an integrated social service system, which enables them to achieve their aspirations.	
Outputs – Desired Trends: How we will know we are making progress.	MEASURE	TARGET 20/21
	Number of Tāmaki people who are employed through TRC initiatives.	100
	Number of Tāmaki people who progress along the housing continuum.	10
	PROJECT	MILESTONE 20/21
Enabling Project: What we need to do to support our objectives.	**Whānau Debt Relief Programme** During FY21, we will work with existing budgeting services and social lenders to deliver a debt management and debt-relief programme to state housing tenants and other Tāmaki residents.	Deliver a Whānau Debt Relief Programme via partners

Revenue and Output Expenses		2020/21 PROSPECTIVE UNAUDITED ($000s)
	Revenue	
	Crown	-
	Other	53
	Total Revenue	**53**
	Expenditure	(4,301)
	Net (Deficit)	**(4,248)**

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

In our vision, Tāmaki is a thriving hub of enterprise, with two bustling town centres. A strong 'shop local' culture, coupled with a pool of talented local entrepreneurs and food artisans, has resulted in a colourful collection of shops that draw people from all over Auckland.

The revitalisation of Glen Innes and Panmure was signalled early in the regeneration programme, allowing people to lay their roots down in Tāmaki confident in the knowledge that regeneration was well thought out and that the increasing population would be matched by quality retail and commercial offerings.

The industrial zone west of the rail line works in concert with the revitalised town centres, with a wide range of business activities taking place. It is known as a hub of innovation, where captains of industry and local entrepreneurs test new ideas and capitalise on the opportunities created through regeneration. There are now numerous employment opportunities in Tāmaki, beyond those in the thriving retail and hospitality sectors.

The redevelopment has grown an army of skilled tradespeople, technicians, and entrepreneurs, with many setting up their own businesses and passing their skills on to the next generation. With this growth, there is also a healthy local industry of support services in accountancy, information technology, and project management.

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 a prosperous community and deliver better value for money to the Crown. To date, we have achieved this by partnering with central and local government organisations to facilitate the delivery of improved transport connectivity and community infrastructure, thereby enabling local industry and the local economy to thrive.

Over the next year, we intend to take more of a leadership role in the development of the local economy, working with our partners to progress key initiatives that we believe will have a stimulatory effect and create employment opportunities for locals. A key component of this is the acceleration or development of a range of initiatives that will provide work for Tāmaki businesses and job opportunities for locals. For example, bringing forward TRC-planned maintenance and our Quality Housing Maintenance Programme, enabling local construction businesses to remain viable and generating quality jobs for people in Tāmaki.

Another direct measure that we will take is to establish a new function within the Tāmaki Jobs and Skills Hub, with the aim of supporting existing Tāmaki businesses to survive and recover from the impacts of COVID-19. This support service will help address the specific needs of each business by facilitating engagement with the appropriate central or local government agency, while allowing us to build up a more complete picture and understanding of the local economy. Having a greater understanding of the local economy, including key drivers and comparative advantages, will assist us in long-term economic development planning.

Early markers within this strategic priority area have been the ongoing projects to redevelop the Glen Innes and Panmure town centres, delivered in partnership with the Maungakiekie-Tāmaki Local Board, Auckland Council family, and key stakeholders. Over the next 12 months, we will continue working with our partners and local businesses to revitalise the Glen Innes town centre, focussing on improving the look and feel of existing buildings and activating spaces. We will also complete feasibility studies for TRC-owned sites in the Glen Innes town centre, with a view to delivering dynamic developments in subsequent years that include retail, commercial, community, and residential components, creating an appealing destination for locals and visitors alike.

We will also explore opportunities for strategic land purchases in both Glen Innes and Panmure, which would enable us to support local businesses and deliver against our long-tern plans for the town centres. At present, we are pursuing the acquisition of two specific sites, one each within the Glen Innes and Panmure town centres, which will provide an opportunity to attract specific uses into the town centres. If we are successful in acquiring these sites, they hold potential to deliver additional office space to meet other TRC programme requirements.

In FY19, we partnered with Auckland Tourism, Events and Economic Development ("ATEED"), the Auckland Business Chamber, local businesses and landowners, the Maungakiekie-Tāmaki and Ōrākei Local Boards, and key stakeholders to produce an Employment Precinct Strategy. The intent of the Strategy is to encourage development and investment into the precinct, create the conditions for innovation in the local economy, support businesses to capture the economic opportunity that the regeneration programme provides, and drive improved employment outcomes for locals. During FY21, we will complete a future-focussed spatial delivery plan for the precinct, which will serve as the anchor document that will guide infrastructure delivery and development in the precinct and support the intent of the Employment Precinct Strategy, in particular the attraction of new businesses and inward investment to the area.

During the 2020/21 financial year, we will:

- Establish a support service for Tāmaki businesses, to ensure that they are aware of and able to access support from central and local government. This will be delivered as a new function within the Tāmaki Jobs and Skills Hub;
- Continue to work closely with the Auckland Council family and Maungakiekie-Tāmaki Local Board on the revitalisation of town centres and commercial precincts in Tāmaki, on both short-term activations and longer-term projects;
- Complete feasibility studies for TRC-owned sites in the Glen Innes town centre, also exploring opportunities for strategic land purchases in both Glen Innes and Panmure;
- Deliver a 'buy local' marketing campaign, designed to drive people into the town centres and support Tāmaki businesses;
- Work with our partners to build short and long-term economic development capability and capacity in Tāmaki, to enable a more strategic approach and management of local economic development, including the recovery from COVID-19; and
- Promote Tāmaki as an innovative and inclusive location that provides a range of investment opportunities.

STRATEGIC FRAMEWORK	LINK	
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki whānau are financially secure and independent. • Tāmaki has a thriving economy.	
Our Objectives: What we are aiming to deliver.	• Develop vibrant town centres and commercial precincts that meet the needs of our current and future populations, while maintaining the Tāmaki culture. • Encourage investment into Tāmaki.	
Enabling Projects: What we need to do to support our objectives.	PROJECT	MILESTONE 20/21
	Glen Innes Town Centre Revitalisation During FY19, we worked with the Maungakiekie-Tāmaki Local Board, Glen Innes Business Association, Auckland Council family, and key stakeholders to produce a development plan for the revitalisation of the Glen Innes town centre.	Complete feasibility studies for TRC-owned sites in the Glen Innes town centre

STRATEGIC FRAMEWORK	LINK	
	Tāmaki Employment Precinct Project During FY19, we partnered with ATEED, the Auckland Business Chamber, local businesses and landowners, the Maungakiekie-Tāmaki and Ōrākei Local Boards, and key stakeholders to develop a long-term strategy for the Tāmaki Employment Precinct, designed to support businesses to grow, encourage development and investment in the area, and drive improved employment outcomes for locals.	Complete the Tāmaki Employment Precinct Neighbourhood Plan
	Tāmaki Business Support Service During FY21, we will establish a new function within the Tāmaki Jobs and Skills Hub, to support local businesses, facilitating engagement with relevant central and local government agencies.	Establish a Tāmaki Business Support Service

Revenue and Output Expenses		2020/21 PROSPECTIVE UNAUDITED ($000s)
	Revenue	
	Crown	-
	Other	22
	Total Revenue	**22**
	Expenditure	1,084
	Net (Deficit)	(1,062)

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 Omaru Creek courses through Tāmaki with health and vitality before flowing out to the Tāmaki River at Point England Reserve. Its banks are crowded with people every weekend, walking, cycling, and enjoying one of Auckland's best inner-city nature reserves.

With playgrounds, communal gardens, and beautiful parks dotted throughout its well-laid out collection of streets, Tāmaki is a place of people, not cars. Tāmaki has great neighbourhoods that are connected by a quality open space network, which supports healthy lifestyles.

Energy and wellbeing are evident throughout the community and regularly showcased by the large number of young people living here. Tāmaki is the cultural hub for young, upcoming talent in dance and music, with Te Oro's festival programme one of the highlights of the Auckland arts calendar.

Through these events and the quality of the built environment in Tāmaki, whānau are connected in their community and have a sense of belonging that is the envy of other parts of the Auckland isthmus. New residents often remark about how the community spirit in Tāmaki quickly fosters in them a strength of loyalty and pride in the area.

Placemaking

Regeneration neighbourhoods in Tāmaki will demonstrate best practice in urban design and efficiency, creating cohesive communities that are linked through a quality open space network, supported by social infrastructure that meets the needs of Tāmaki's changing population. TRC will work with Kāinga Ora, Auckland Council, and the Tāmaki community to ensure Tāmaki is connected; both physically through great transport infrastructure, and socially through friendly, welcoming neighbourhoods and community facilities. We will also work with our partners to make sure that our developments enhance Tāmaki's natural environment.

The Tāmaki Precinct Masterplan defines the key moves to make Tāmaki a safe, sustainable, and connected community through creating or upgrading parks, reserves, street networks and walkways. It is complemented by our Placemaking Strategy, which sets out how we will complement these physical moves by delivering activations, events, and activities with our partners to bring these spaces to life and create a vibrant and socially cohesive community.

One of our most visible moves in this area has been the Maybury Green Project, which saw TRC-owned land bordering Maybury Reserve converted to green space in FY19, extending the existing reserve and creating a safer and more accessible space for the community to enjoy. Over the next year, it is our intention to continue to hold activations and events on this site and in other locations across Tāmaki, to promote healthy lifestyles and activities for Tāmaki whānau. As described above, this will be done in accordance with applicable public health guidelines.

During the 2020/21 financial year, we will:

- Deliver key placemaking elements for FY21, in line with the Tāmaki Precinct Masterplan Implementation Plan and relevant public health guidelines;
- Market Tāmaki as a destination of choice, strengthen community resilience, and create social cohesion through the implementation of our Placemaking Strategy; and
- Deliver events and activate spaces in Tāmaki for families and residents to form connections within their community.

STRATEGIC FRAMEWORK	LINK
Contributes to: Tāmaki Outcomes Framework.	• Tāmaki has vibrant neighbourhoods. • Tāmaki whānau have a strong Tāmaki identity.
Our Objectives: What we are aiming to deliver.	• Create sustainable neighbourhoods that enhance Tāmaki's natural environment. • Ensure quality transport connections that allow easy movement within Tāmaki and to and from other regional destinations. • Provide Tāmaki residents a chance to shape Tāmaki and take advantage of its opportunities. • Develop safe and welcoming neighbourhoods that support social cohesion and connectivity.

Outputs – Desired Trends:	MEASURE	TARGET 20/21
How we will know we are making progress.	Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework.	100%
	Number of events and activations delivered directly by TRC or in conjunction with partners.	5

Revenue and Output Expenses		2020/21 PROSPECTIVE UNAUDITED ($000s)
	Revenue	
	Crown	-
	Other	-
	Total Revenue	-
	Expenditure	1,341
	Net (Deficit)	**(1,341)**

PROSPECTIVE FINANCIAL INFORMATION

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Comprehensive Revenue and Expense (Unaudited)
For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
Revenue	
Management fee income	17,734
Dividend Received	6,000
Other income	75
Total revenue	**23,809**
Expenditure	
Personnel costs	12,477
Consultants and professional fees	5,739
Contractors and temporary staff	38
Directors fees	179
Utilities and insurance	82
Legal expenses	71
Other expenses	3,996
Total expenditure	**22,582**
EBITDAF	**1,227**
Depreciation and amortisation expense	105
EBIT	**1,122**
Interest income	0
Interest costs	0
Net interest income	**0**
Net surplus for the year	**1,122**
Total comprehensive revenue and expense	**1,122**
(Deficit) for the year attributable to:	
Crown	662
Minority interest (Auckland Council)	460
	1,122
Total comprehensive revenue and expense attributable to:	
Crown	662
Minority interest (Auckland Council)	460
	1,122

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Financial Position (Unaudited)
As at 30 June 2021

	2021 Prospective Unaudited $000's
Assets	
Current assets	
Cash and cash equivalents	4,694
Trade and other receivables	775
Total current assets	**5,469**
Non-current assets	
Property, plant and equipment	282
Intangible assets	12
Total non-current assets	**294**
Total assets	**5,763**
Liabilities	
Current liabilities	
Creditors and other payables	1,359
Annual leave liability	528
Loan	8,710
Total current liabilities	**10,597**
Total liabilities	**10,597**
Net liabilities	**(4,834)**
Equity	
Ordinary shares - Crown	5,000
Ordinary shares - Auckland Council	3,500
Accumulated (deficit)	(13,334)
Total equity	**(4,834)**

For and on behalf of the Board who authorise the issue of the financial statements on 30 June 2020.

Evan Davies
Chair
30 June 2020

Dr Susan Macken
Deputy Chair
30 June 2020

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Changes in Equity (Unaudited)
For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
Balance at 1 July	**(5,956)**
Total comprehensive revenue and expense	
Surplus for the year	1,122
Total comprehensive income	**1,122**
Owners' transactions	
Capital contribution	0
Repayment of capital	0
Total contributions and distributions	**0**
Balance at 30 June	**(4,834)**

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Cash Flows (Unaudited)
For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
Cash flows from operating activities	
Receipts from other revenue	75
Management fee income	17,734
Payments to suppliers	(11,465)
Payments to employees	(12,477)
Net cash flow from operating activities	**(6,133)**
Cash flow from investing activities	
Purchase of property, plant and equipment	(115)
Purchase of intangible assets	0
Net cash flow from investing activities	**(115)**
Cash flow from financing activities	
Interest received	0
Interest paid	0
Dividend received	6,000
Loan repayment	0
Net cash flow from financing activities	**6,000**
Net increase in cash and cash equivalents	**(248)**
Cash and cash equivalents at the beginning of the year	4,942
Cash and cash equivalents at the end of the year	**4,694**

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 38 to 49 of this Statement of Performance Expectations. This document also presents 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 prospective financial statements as it is not acceptable under PBE IPSAS 6 Consolidated and Separate Financial Statements to consolidate TRL into TRC Group.

TRC Group is a Crown entity and is therefore principally governed by the Crown Entities Act 2004. TRC Group is a Schedule 4A entity under the Public Finance Act 1989 and is incorporated in New Zealand under the Companies Act 1993.

These prospective financial statements for the year ending 30 June 2021 were approved by the Board on 30 June 2020.

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 2021 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 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.

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 their face value, less any provision for impairment. Collectability of debtors are reviewed on an ongoing basis. Impairment of a receivable is established when there is objective evidence that TRC Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

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

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

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	33.3%
Computer equipment	5 years	20%

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. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads. 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.

Website development

Costs that are directly associated with the structural development of the website are recognised as an intangible asset. These costs include application and infrastructure development and testing. Website content development and operating costs 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	33.3%
Developed computer software	4 years	25%

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 and not to generate commercial returns.

Non-cash-generating assets

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

If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss 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.

Borrowings

Intercompany loan

TRC Parent has an intercompany loan with its subsidiary TRL, that is unsecured with nil interest and repayable on demand in order for TRC Parent to fund its social and economic regeneration costs during the financial year. The loan 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.

Financial instruments

Non-derivative financial assets and financial liabilities - recognition and derecognition

TRC Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through surplus or deficit) are recognised initially on the trade date at which TRC Group becomes a party to the contractual provisions of the instrument.

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.

Financial instruments (cont'd)

Non-derivative financial assets - measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.

Non-derivative financial liabilities – measurement

A financial liability is classified as at fair value through surplus or deficit if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in surplus or deficit as incurred. Financial liabilities at fair value through surplus or deficit are measured at fair value and changes therein, including any interest expense, are recognised in surplus or deficit. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in surplus or deficit.

Income tax

A taxation amendment bill is currently before Parliament which will make all majority crown-owned entities public authorities for tax purposes and therefore exempt from income tax. The IRD has indicated that they will allow retrospective application and hence no income tax expense or tax balances have been recognised in the preparation of these financial statements.

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.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit and carrying amount of the asset in the statement of financial position. TRC minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

TRC has not made significant changes to past assumptions concerning useful lives and residual values.

Estimating collectability of receivables and providing for doubtful debts

TRC Group reviews the collectability of rental income on an ongoing basis. Significant financial difficulties of the debtor and default in payments are considered indicators that the receivable is impaired, and a provision is raised. Should the receivable continue to deteriorate, impairment is established when there is objective evidence that TRC Group will not be able to collect amounts due according to the original terms of the receivable.

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 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.

Critical accounting judgements (cont'd)

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 although under the new deed of lease, THALP's management fee income is impacted by its collection performance.

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 2021, and these variances could be material.
Factors that could lead to material differences between the prospective financial statements and the 2021 actual financial statements, in addition to the sources of uncertainty mentioned above, include decisions being made that alter the assumptions made above.

Tāmaki Regeneration Limited

Statement of Prospective Comprehensive Revenue and Expense (Unaudited)

For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
Revenue	
Development sales	0
Income-related rent subsidies	46,777
Rental income from tenants	20,048
Total revenue	**66,825**
Expenditure	
Consultants and professional fees	205
Legal expense	165
Management fee expense	17,734
Repairs and maintenance	24,424
Utilities and insurance	11,618
Other expenses	391
Total expenditure	**54,537**
EBITDAF*	12,288
Depreciation	30,373
(Gain)/loss on revaluation of rental properties	0
EBIT	(18,085)
Interest income	200
Interest costs	0
Net interest income	**200**
Tax expense	0
(Deficit) for the year	(17,885)
Total comprehensive revenue and expense	(17,885)

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

Tāmaki Regeneration Limited
Statement of Prospective Financial Position (Unaudited)
As at 30 June 2021

	2021 Prospective Unaudited $000's
Assets	
Current assets	
Cash and cash equivalents	30,641
Trade and other receivables	16,541
Inventories	3,973
Total current assets	**51,155**
Non-current assets	
Property, plant and equipment	1,861,376
Investment in shared ownership properties	2,512
Total non-current assets	**1,863,888**
Total assets	**1,915,043**
Liabilities	
Current liabilities	
Creditors and other payables	2,347
Total current liabilities	**2,347**
Total liabilities	**2,347**
Net assets	**1,912,696**
Equity	
Ordinary shares - TRC Parent	0
Preference shares - Crown	1,750,118
Revaluation reserve	423,171
Accumulated (deficit)	(260,593)
Total equity	**1,912,696**

For and on behalf of the Board who authorise the issue of the financial statements on 30 June 2020.

Evan Davies
Chair
30 June 2020

Dr Susan Macken
Deputy Chair
30 June 2020

Tāmaki Regeneration Limited
Statement of Prospective Changes in Equity (Unaudited)
For the year ending 30 June 2021

	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	**1,692,503**	**423,171**	**(236,708)**	**1,878,966**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(17,885)	(17,885)
Other comprehensive revenue and expense	0	0	0	0
Total comprehensive income	**0**	**0**	**(17,885)**	**(17,885)**
Owners' transactions				
Capital contribution	80,000	0	0	80,000
Dividends paid	0	0	(6,000)	(6,000)
Repayment of capital	0	0	0	0
Adjustment on derecognition of inventory	(22,385)	0	0	(22,385)
Total contributions and distributions	**57,615**	**0**	**(6,000)**	**51,615**
Balance at 30 June	**1,750,118**	**423,171**	**(260,593)**	**1,912,696**

Tāmaki Regeneration Limited
Statement of Prospective Cash Flows (Unaudited)
For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
Cash flows from operating activities	
Receipts from development sales	0
Rental income from tenants	20,048
Income-related rent subsidies	46,777
Goods and services tax (net)	0
Payments to suppliers	(56,526)
Net cash flow from operating activities	**10,299**
Cash flow from investing activities	
Purchase of freehold land and rental properties	(104,152)
Investment in shared ownership properties	(2,375)
Net cash flow from investing activities	**(106,527)**
Cash flow from financing activities	
Interest received	200
Dividend paid to TRC	(6,000)
Preference share drawdown	80,000
Net cash flow from financing activities	**74,200**
Net increase in cash and cash equivalents	**(22,028)**
Cash and cash equivalents at the beginning of the year	52,669
Cash and cash equivalents at the end of the year	**30,641**

Tāmaki Regeneration Limited

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

For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
(Deficit) for the year	**(17,885)**
Adjustments for:	
Funding costs	(200)
Depreciation	30,373
Changes in:	
Inventories	38
Trade and other receivables	(2,027)
Net cash from operating activities	**10,299**

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 2020.

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 26 to 37 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 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 2021 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:

Development sales

TRL receives revenue from the sale of land to developers, which forms part of the Government and Council plan to redevelop the Tāmaki area of Auckland. Revenue is recognised when risks and rewards are transferred to the Developer.

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 THALP 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 provision for impairment. Collectability of debtors is reviewed on an ongoing basis. Impairment of a receivable is established when there is objective evidence that TRL will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

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. After initial recognition, inventories are measured at the lower of cost and net realisable value.

Property, plant, and equipment

Property, plant, and equipment consist of the following asset classes: freehold land, rental properties and capital work in progress. All assets classes are measured at cost, less accumulated depreciation and impairment losses, with the exception of the land and buildings transferred from 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. 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 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 of rental property are determined by the date the rental properties are scheduled to be demolished for redevelopment based on internal forecasting. 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 or when no future economic benefits are expected to arise from the continued use of this asset. 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 and not to generate commercial returns.

Non-cash-generating assets

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRL would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss 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 non-derivative financial liabilities into the following categories: financial liabilities at fair value through surplus and deficit and other financial liabilities category.

Non-derivative financial assets and financial liabilities - recognition and derecognition

TRL initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through surplus or deficit) are recognised initially on the trade date at which TRL becomes a party to the contractual provisions of the instrument.

TRL 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 TRL is recognised as a separate asset or liability.

Financial instruments (cont'd)

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, and only when, TRL 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.

Non-derivative financial assets - measurement

Financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities – measurement

A financial liability is classified as at fair value through surplus or deficit if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in surplus or deficit as incurred. Financial liabilities at fair value through surplus or deficit are measured at fair value and changes therein, including any interest expense, are recognised in surplus or deficit. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in surplus or deficit.

Income tax

The prospective financial statements have been prepared on the basis that the companies in the TRC Legal Group are tax exempt for the 2021 and earlier years.

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
- capital.

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 2018. Fair value, using market-based evidence is based on the highest and best use of the 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.

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. The remaining portion, which will eventually be sold off in the private sector is moved into inventories which are valued at cost or transfer value on initial recognition. Inventories are then valued at the lower of cost or net realisable value. Net realisable value is estimated to be the residual land value (RLV) which a concept based on development feasibilities. RLV is the residual amount forecasted for the land after making assumptions which are based on recent market information, on factors such as construction costs, sale value of redeveloped properties and developer margins.

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 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.

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 although under the new deed of lease, THALP's management fee income is impacted by its collection performance.

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 2021, and these variances could be material.

Factors that could lead to material differences between the prospective financial statements and the 2020 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 2021

	2021 Prospective Unaudited $000's
Revenue	
Development sales	0
Other income	75
Rental income from tenants	20,048
Income-related rent subsidies	46,777
Total revenue	**66,900**
Expenditure	
Personnel costs	12,477
Contractors and temporary staff	38
Directors fees	179
Legal expense	236
Repairs and maintenance	24,424
Consultants and professional fees	5,944
Utilities and insurance	11,700
Other expenses	4,387
Total expenditure	**59,385**
EBITDAF	**7,515**
Depreciation	30,478
(Gain)/loss on revaluation of rental properties	0
Total depreciation, amortisation and fair value adjustments	**30,478**
EBIT	**(22,963)**
Interest income	200
Interest costs	0
Net interest income	**200**
(Deficit) for the year	**(22,763)**
Total comprehensive revenue and expense	**(22,763)**

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Financial Position
As at 30 June 2021

	2021 Prospective Unaudited $000's
Assets	
Current assets	
Cash and cash equivalents	35,335
Trade and other receivables	8,606
Inventories	3,973
Total current assets	**47,914**
Non-current assets	
Property, plant and equipment	1,861,658
Intangible assets	12
Investment in shared ownership properties	2,512
Total non-current assets	**1,864,182**
Total assets	**1,912,096**
Liabilities	
Current liabilities	
Creditors and other payables	3,706
Annual leave liability	528
Total current liabilities	**4,234**
Total liabilities	**4,234**
Net assets	**1,907,862**
Equity	
Ordinary shares - Crown	5,000
Ordinary shares - Auckland Council	3,500
Preference shares - Crown	1,750,118
Revaluation reserve	423,171
Accumulated (deficit)	(273,927)
Total equity	**1,907,862**

For and on behalf of the Board who authorise the issue of the financial statements on 30 June 2020.

Evan Davies
Chair
30 June 2020

Dr Susan Macken
Deputy Chair
30 June 2020

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Changes in Equity
For the year ending 30 June 2021

	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	**1,701,003**	**423,171**	**(251,164)**	**1,873,010**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(22,763)	(22,763)
Other comprehensive revenue and expense	0	0	0	0
Total comprehensive income	**0**	**0**	**(22,763)**	**(22,763)**
Owners' transactions				
Capital contribution	80,000	0	0	80,000
Repayment of capital	0	0	0	0
Adjustment on derecognition of inventory	(22,385)	0	0	(22,385)
Total contributions and distributions	**57,615**	**0**	**0**	**57,615**
Balance at 30 June	**1,758,618**	**423,171**	**(273,927)**	**1,907,862**

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Cash Flows
For the year ending 30 June 2021

	2021 Prospective Unaudited $000's
Cash flows from operating activities	
Receipts from development sales	0
Rental income from tenants	20,048
Income-related rental subsidy	46,777
Other revenue received	75
Payments to suppliers	(50,257)
Payments to employees	(12,477)
Net cash flow from operating activities	**4,166**
Cash flow from investing activities	
Purchase of property, plant and equipment	(104,267)
Purchase of intangible assets	0
Investment in shared ownership properties	(2,375)
Net cash flow from investing activities	**(106,642)**
Cash flow from financing activities	
Interest received	200
Interest paid	0
Preference share drawdown	80,000
Net cash flow from financing activities	**80,200**
Net increase in cash and cash equivalents	**(22,276)**
Cash and cash equivalents at the beginning of the year	57,611
Cash and cash equivalents at the end of the year	**35,335**

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 2021 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.

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.