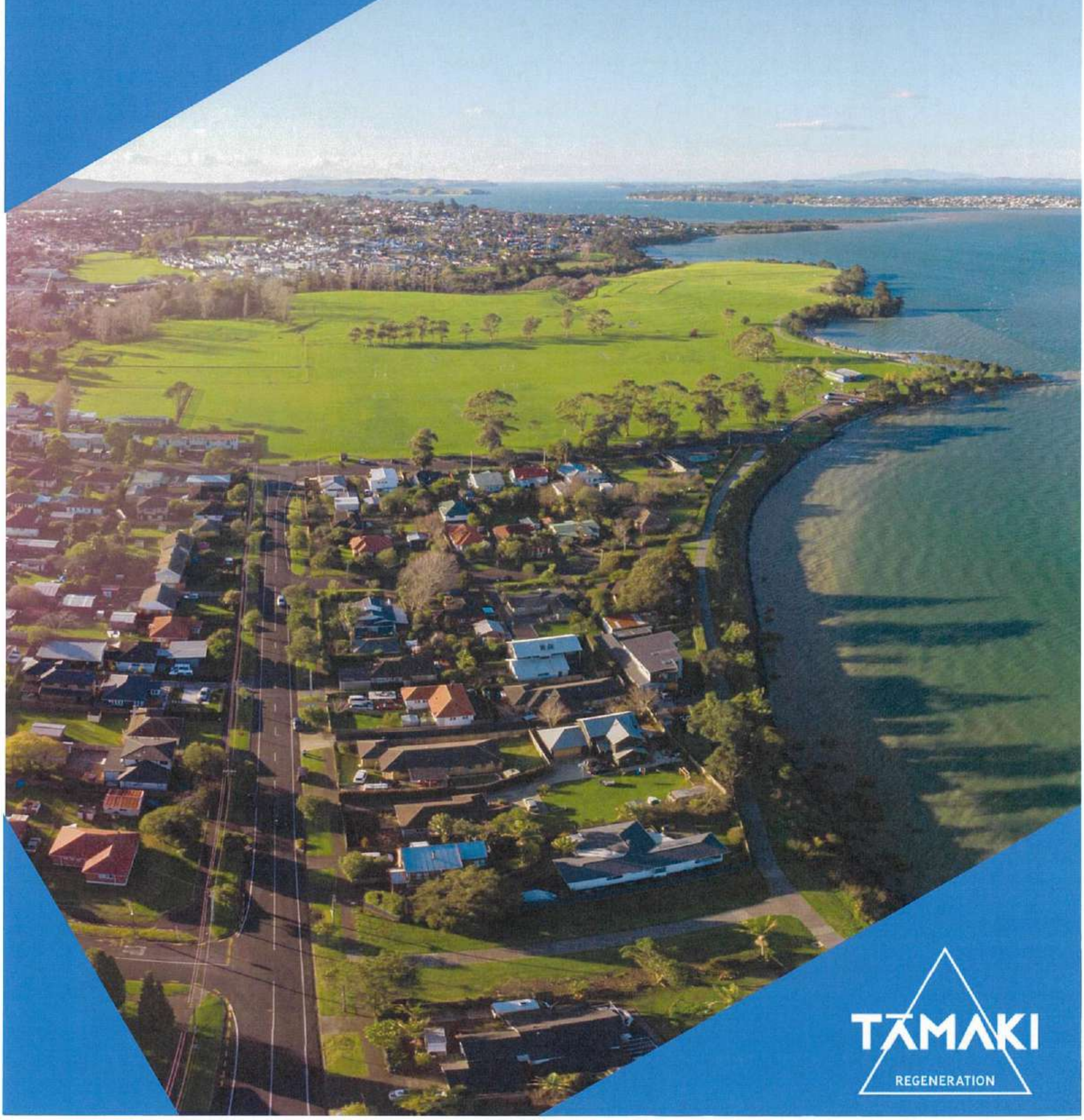
Tāmaki Regeneration Company

Annual Report 2022-2023



TĀMAKI
REGENERATION

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PURPOSE OF THE ANNUAL REPORT

In accordance with the Crown Entities Act 2004 and the Public Finance Act 1989, this Annual Report takes the strategic intentions and objectives, and associated performance measures and progress indicators, of TRC Legal Group[1], as set out in the Statement of Intent ("SOI") 2021-2025 ("FY21-FY25[2]") and Statement of Performance Expectations ("SPE") 2022-2023 ("FY23"), and publicly states and evaluates our progress and performance against measures and indicators in those documents. This includes both financial reporting (actuals against budgets), noting that this is against the FY23 SPE only, and non-financial-reporting against performance measures and progress indicators contained in both the FY23 SPE and FY21-FY25 SOI.

In providing a consolidated account of our activities and expenditure in FY23, this Annual Report enables our shareholders, Members of Parliament, and the public to hold us accountable for our overall performance during the year. It also allows Parliament to assess and review our performance through the select committee process.

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

[2] Within this document, we refer to the applicable New Zealand public sector financial years, which run from 1 July to 30 June. The number that is affixed to the FY acronym represents the calendar year that the financial year ends in (i.e., the financial year that commenced on 1 July 2022 and concluded on 30 June 2023 is referred to as FY23).

ABOUT TĀMAKI REDEVELOPMENT COMPANY LIMITED

Tāmaki Regeneration Company (TRC)[3] is a place-based organisation that works alongside Mana Whenua, the community, and our partners, to help shape the future of Tāmaki through an urban regeneration programme that is unique to Aotearoa. Together, we are reimagining the three eastern Auckland suburbs of Glen Innes, Panmure, and Point England.

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

TRC has broad social and economic goals for Tāmaki. It embraces the diverse communities of Tāmaki and the vision to create a thriving, connected, community which has the resources and capacity to take charge of its own destiny.

TRC's work is guided by four strategic priorities: housing resources; social transformation; economic development; and placemaking. Underpinning our four strategic priorities is a vital focus on making changes or improvements to the system to remove barriers and put in place better ways of supporting people, especially Māori and Pasifika peoples, to succeed. Our aim is for Tāmaki to be a living exemplar of Te Tiriti o Waitangi, where we work alongside Mana Whenua to enable whānau to achieve their aspirations.

We play an important role in the Government's commitment to address Auckland's housing challenges. The regeneration programme plans to deliver 10,500[4] new, warm, and dry public, affordable and market homes for Tāmaki whānau. In the coming years, we will be delivering increasing numbers of affordable housing products to enable Māori and Pasifika whānau in Tāmaki to move along the housing continuum and into home ownership.

We have delivered close to 1,250 houses through the programme since FY14. We are increasing the pace and scale of the housing programme, as well as looking to provide more suitably sized homes for larger Tāmaki whānau. We are also driving improvements to local infrastructure and amenities.

We have a collaborative working partnership with Kāinga Ora, working closely with them to drive the delivery of quality new homes and redeveloped neighbourhoods for Tāmaki residents that will enable the broader regeneration aspirations of Tāmaki whānau and the Crown.

Supporting the community

Our vision for Tāmaki is strongly aligned to the Government's policy agenda to improve living standards and wellbeing for all New Zealanders, with a focus on driving improved equity outcomes for Māori and Pasifika whānau. The Government is committed to major investments in housing, health, education, and infrastructure, all of which are critical to, and supported by, the regeneration programme in Tāmaki.

We continue to work closely with our partners across the public sector and in the community to ensure Mana Whenua are recognised and supported in their role as Iwi Whakamaru of Tāmaki. By sharing our mahi and kaupapa with our partners, we can help reshape the social service system, regionally and nationally, based on our deep understanding of the barriers, enablers, and drivers of change for whānau.

As a place-based organisation, we work closely with the community to deliver on local social, economic, placemaking, and housing aspirations and needs. This includes working with and alongside the community

[3] Tāmaki Regeneration Company is the brand or trading name of Tāmaki Redevelopment Company Limited ("TRC").

[4] Note that the ability to deliver the full housing redevelopment programme within current programme timeframes is contingent on a range of interrelated factors, which includes the delivery of the land enablement programme (infrastructure financing and delivery) by Kāinga Ora to current programme timeframes and in line with the housing delivery programme.

when unforeseen circumstances arise (i.e., in emergency situations). The nature of our role will depend on the nature of the situation on-the-ground.

For example, through Covid-19, we supported whānau with their needs, providing information, food, and running vaccination programmes in partnership with community organisations. During FY23, we stood behind community organisations who mobilised in response to the Auckland floods and Cyclone Gabrielle. We provided support and liaison with the Merton Road evacuation centre set up by the Auckland CDEM, assisted our Spencers contracting partner in sourcing sandbags, and co-ordinated food parcel requests for our tenants on behalf of the Glen Innes Family Centre. TRC will continue to engage with the community to understand their needs and support their preparedness and disaster response when emergency situations arise, within our mandated areas of responsibility within this rohe.

Future vision

To ensure the vision for the future will be enduring, and its impact will span generations, we are further shaping the way we do things. As a place-based organisation we have a clear view of the community's needs and aspirations and can position ourselves to support these. Our ongoing areas of focus include:

- Honouring our commitment to the Te Tiriti o Waitangi.
- Growing our existing partnerships with Mana Whenua and the Tāmaki community.
- Concentrating our investment in programme areas that will support the wellbeing of Tangata Whenua and Tangata Tiriti and improve equity outcomes for Māori and Pasifika whānau in Tāmaki. This includes working with our partners to improve systems and conditions, to ensure that these are designed and delivered with an equity lens.
- Enhancing the mana of Mana Whenua and the community through enabling self-determination and control over their own destiny.

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

- Accelerating housing delivery to deliver greater wellbeing and equity outcomes for Māori and Pasifika whānau. We will develop exemplar regeneration neighbourhoods that deliver better housing, infrastructure, and social amenities, demonstrate the best in urban design thinking, and meet the needs of the diverse communities in Tāmaki.
- Providing a world-class tenancy management service to public housing tenants in Tāmaki, through our tenancy management services arm, the Tāmaki Housing Association Limited Partnership[6] (referred to throughout this document as "Tāmaki Housing" or "THA" interchangeably), which places the wellbeing of public housing whānau at the centre of all that we do, supports public housing whānau through the rehousing process, and maintains a compassionate and flexible approach throughout this process.
- Working with Kāinga Ora, the master developer for Tāmaki, and TRC's build partners to develop, design, and deliver innovative housing products across the housing continuum, including new public homes, shared home ownership (SHO) homes, and affordable rental homes.
- Continuing to support locals into education and employment opportunities through the Tāmaki Jobs and Skills Hub, with a focus on driving equity outcomes for our Māori and Pasifika whānau. This includes the enablement of a construction-ready local workforce and a sharpened focus on upskilling and training for Tāmaki rangatahi.

[6] The Tāmaki Housing Association Limited Partnership is a registered community housing provider (Class I Social Landlord with the Community Housing Regulatory Authority) that is a wholly owned subsidiary of Tāmaki Redevelopment Company Limited.

- Continuing to support economic growth in Tāmaki, including planning the redevelopment of 260 Apirana Avenue in the Glen Innes town centre (note that redevelopment of this site is subject to ministerial approval of a business case for this project).
- Continuing to assist the Crown with community regeneration across Aotearoa by regularly sharing our learnings and kaupapa. Specifically, we continue to support HUD and Kāinga Ora to implement the Government's housing and urban development programme, sharing with them our regeneration expertise and enabling the Crown to deliver better wellbeing outcomes for other communities.

OUR YEAR AT A GLANCE

Key achievements:

In May 2023 we reached our target of having 100% of our portfolio as Healthy Homes Standard compliant:

- We are proud to have achieved this goal as it ensures we provide safe, healthy, quality homes that support the wellbeing of Tāmaki whānau.

We supported whānau into housing, which furthers them on their journey towards their aspirations:

- We far surpassed our target of 30 whānau progressing along the continuum, with 52. 31 of these whānau moved into a shared home ownership (SHO) product.
- 77% of the 52 whānau that progressed along the housing continuum were Māori and Pasifika households.

We made strides to improve our portfolio's average property condition:

- We upgraded our CGI score from 2.35 in FY22 to 2.18 in FY23.
- This required a sustained investment of resources to continue to improve this rating and our portfolio has come a long way.
- We are confident in our capacity to further better this measure for our tenants.

Introducing a new tenancy management system for our tenants:

- THA implemented Zavanti, a new tenancy management system replacing the legacy system that has been in use since 2016.
- The new system will provide a strong platform for the THA to continue their journey on delivering world class services to the whānau they support.

The Innovation Hub far exceeded its usership number targets:

- With an initial target of 25 local innovators and entrepreneurs, we ended the year with local 54 innovators and entrepreneurs registered as users of the Hub.
- This supports the sustained growth of entrepreneurship in Tāmaki and fosters an environment where local businesses can thrive.

Key challenges in the operating environment:

We faced several obstacles in delivering our forecasted housing targets this financial year:

- Obstacles included supply chain disruptions, shortages of building materials, and rising construction costs impacted by inflation.
- As a result, the delivery of 40 of our homes slipped into FY24.

Severe weather events in early 2023 added significant strain on our asset and tenancy management services:

- Dips in satisfaction with our services from over 80% in 2022 to below 70% in March 2023, while rebounding shortly after, however ultimately resulted in slight underperformances for our year end targets.

OUR OVERARCHING STRATEGIC COMMITMENTS

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

These two overarching strategic commitments are:

Te Tiriti o Waitangi

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

Through a te Ao Māori approach, all other cultural identities and groups will be respected and considered, and their aspirations enabled.

We will honour Te Tiriti o Waitangi and other historical Māori events.

Tāmaki Commitment

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

TĀMAKI SHARED OUTCOMES FRAMEWORK

The Tāmaki Shared Outcomes Framework ("TSOF") outlines the desired impact that the overall regeneration programme aims to have on the Tāmaki community. The TSOF is an update of and supersedes the Tāmaki Outcomes Framework, the previous outcomes framework that TRC agreed with Crown, Auckland Council, and community in 2016. The TSOF seeks to account for that impact and attempts to link that impact to activities or inputs. The TSOF also recognises that the regeneration of a community requires collective action and as such, seeks to acknowledge the shared contribution of all partners operating in this community.

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

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

OUR STRATEGIC FRAMEWORK & MANDATED STRATEGIC PRIORITIES

Our long-term vision is that "Tāmaki is an awesome place to live", and our mahi is guided by four long-term strategic priorities for the regeneration programme. This section defines these strategic priorities, with our objectives and work programme within our housing resources, social transformation, economic development, and placemaking strategic priority areas, and the results we are aiming for over the next 12 months, described in the following sections.

Our Mandated Strategic Priorities

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

HOUSING RESOURCES[6]

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[7]

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

ECONOMIC DEVELOPMENT[8]

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

PLACEMAKING[9]

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

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

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

[7] Activities, and associated expenditure, as set out within the Social Transformation output class relates specifically to Tāmaki Redevelopment Company Limited. Revenue and expenditure are consolidated within the Social Transformation Revenue and Output Expenses Table.

[8] Activities, and associated expenditure, as set out within the Economic Development output class relates to Tāmaki Redevelopment Company Limited. Revenue and expenditure are consolidated within the Economic Development Revenue and Output Expenses Table.

[9] Activities, and associated expenditure, as set out within the Placemaking output class relates to both Tāmaki Regeneration Limited and Tāmaki Redevelopment Company Limited. This expenditure is consolidated within the Placemaking Revenue and Output Expenses Table.

Figure Three: Activities across our strategic priority areas in FY23

HOUSING RESOURCES

- Delivered public and affordable housing with Kāinga Ora.
- Finalised designs for key development sites.
- Completed key land acquisition.
- Planned for future housing delivery with Kāinga Ora.
- Delivered a high-quality tenancy management service.
- Progressed a range of customer-focused improvements to our tenancy management service.
- Efficiently and effectively managed our assets.

SOCIAL TRANSFORMATION

- Provided local whānau with the knowledge and tools to build their financial capability and mortgage readiness.
- Delivered Own It Financial Capability Programme in Tāmaki.
- Operated the Tāmaki Jobs and Skills Hub in partnership with the Auckland Business Chamber.
- Continued to oversee the delivery of Whānau by Whānau programme.

TĀMAKI

PLACEMAKING

- Designed neighbourhoods which met the standard set out in our Quality Neighbourhood Framework.
- Designed and delivered on our Tāmaki Precinct Masterplan, alongside our partners.
- Delivered activations to bring spaces to life.
- Designed and tested how we measure the social impact of our regeneration.
- Continued engagement with the Tāmaki community throughout our development process.

ECONOMIC DEVELOPMENT

- Continued to work with partners to revitalise the Glen Innes Town Centre.
- Supported the delivery of the Tāmaki Innovation Hub.
- Explored opportunities to utilise space in Glen Innes Town Centre.
- Progressed commercial partnership opportunities with Mana Whenua.

STRATEGIC PRIORITY – HOUSING RESOURCES

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

Our objective is to deliver healthy, safe, affordable housing across the housing continuum for whānau in Tāmaki. Amidst an unpredictable operating environment, we struggled to achieve roughly half of our targets, specifically in delivering housing up to the projections we had initially forecasted. Despite this, we still succeeded in several key measures, for example making progress towards upgrading the quality of our housing portfolio and ensuring 100% of it is compliant with the Healthy Homes Standard.

Tenancy management

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

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

We performed strongly throughout the year on each of our measures. For a third year in a row, we improved upon our performance for letting available homes to applicants from the MSD social housing register, on average within 4 days from the property becoming available. We continued to adhere to the Tāmaki Commitment, that those who wish to stay in Tāmaki will have the opportunity to do so, despite it becoming increasingly complex with obstacles to housing delivery and rehousing Tāmaki whānau.

To date, throughout the course of our regeneration, we have been able to rehouse every whānau that wanted to stay in Tāmaki in Tāmaki, an achievement we are very proud of. We maintained an excellent response rate to urgent maintenance requests within 4 hours (99%), and despite internal cost pressures and a rising inflation rate for our tenants, we are pleased to also have met our targets around tenancy management costs and managing tenants' rental debt.

We missed our overall tenant satisfaction rating target of 80% by 1%, exceeding the target throughout the first half of the financial year. Drops in satisfaction began to occur when there were increased call outs for maintenance and a prolonging of response times from tradespeople associated with the January floods and Cyclone Gabrielle. Nonetheless, THA will continue to seek ways of improving its services, including exploring other potential areas for development indicated by our survey and other channels of feedback.

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki who are rehoused within Tāmaki.	100%	100%	**100%**	Met	

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Tenants' overall satisfaction rating for Tāmaki Housing.	88.5%	80%[10]	**79%**	Not met	A strong 86% satisfaction result was achieved in survey 18, with twice the number of respondents, was offset by lower results in surveys 19 (69%) and 20 (74%) leading us to miss our overall target. Survey 19 and 20 results were impacted by severe weather events and cost of living challenges for our tenants. Without these external factors we expect we would have likely achieved our 80% target.
Rental debt older than 21 days as a percentage of monthly rental income.	3.25%	< 5.0%	**3.09%**	Met	
Tenancy management cost per unit.	$2,155.15	< $2,896pa	**$2,702**	Met	
Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	4 days	< 8 days	**2.2 days**	Met	
Percentage of urgent health and safety queries responded to within 4 hours.	99%	95%	**99%**	Met	

Asset Management

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

This year we made significant progress upgrading our housing portfolio to be compliant with **Healthy Homes Standards**. In the previous financial year, we had 85% of the portfolio compliant setting us up to achieve our target of 100% portfolio compliance in FY23. We are proud to have met this target as of May 2023, as we know it means whānau are living in safer, warmer, and healthier homes.

We also continued to improve the overall quality of our regeneration portfolio through cost-effective planned and responsive maintenance, to achieve our desired levels of service across all our homes. We maintain the baseline that all properties will meet the health and safety requirements expected of a quality public home. Since we established the Condition Grade Index ("CGI") measure in FY19, we have made steady progress in improving the overall condition of the portfolio. By the end of the financial year, we met and exceeded our

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

target, with our average property condition sitting at 2.18[11]. This continues our year-on-year improvement, from 2.64 in FY20, 2.49 in FY21 and 2.35 in FY22. We were able to achieve this target because of the extensive Te Taha Whanau Planned Maintenance work undertaken this year, the number of new builds added to our delivery total, and the strides we made towards our 100% Healthy Homes standard compliance.

We missed our overall target for tenant satisfaction with repairs and maintenance by 4%, exceeding the target in the first half of the year (i.e., survey results in the first half of the year showed that we exceeded the target for this measure). We also narrowly missed our target for average inter-tenancy void turnaround time. We believe this was due to the severe weather events Auckland experienced in Q3, which placed additional and unexpected strain on the upkeep of our portfolio. This proved challenging for our asset management services to respond to the increased number of tenant requests, during an especially irregular period of weather volatility.

Furthermore, the increased work volumes for our staff inhibited our capacity to meet our target for inter-tenancy void turnaround times also, which were extended during this time. We progressed strongly towards meeting these goals until Q3 when both measures began to decline. Despite these obstacles we are committed to improving in other areas such as communication with our tenants, and quality assurance of repairs and work done.

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Portfolio average property condition (CGI).	2.35	2.26	**2.18**	Met	
Percentage of tenants satisfied with repairs and maintenance.	85%	74%	**70%**	Not met	Maintenance satisfaction was significantly impacted in survey 19 as fieldwork followed shortly after the heavy rain in January and Cyclone Gabrielle. A result of 43% meant the overall target of 74% was going to be difficult to achieve. A strong 80% result in survey 18 and 72% in survey 20 meant across FY23 we managed to achieve 70%. Without these external factors we expect we would have likely achieved our 74% target.
Average inter-tenancy void turnaround time (vacant to ready-to-let).	18 working days	< 20 working days	**20.7 working days**	Not met	Void durations increased slightly during the months of Jan and Feb, in part from increased work volumes related to severe weather events.
Percentage of portfolio that is compliant with the Residential Tenancies (Healthy	85%	100%	**100%**	Met	

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

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Homes Standards) Regulations 2019.					

Housing supply

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

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

We are committed to not just building more homes but building homes that meet the diverse needs of the Tāmaki community. In Tāmaki, this means larger homes that are suitable for Māori and Pasifika whānau. Additionally, this means building homes across the housing continuum to support whānau with their unique needs and their aspirations. As part of this, we previously delivered transitional housing that is now being operated by community organisations and are currently delivering a mix of SHO and affordable homes that support whānau towards housing independence. This aligns with the direction set in both the **Government's Policy Statement on Housing and Urban Development** (GPS-HUD) and **MAIHI Ka Ora** (the National Māori Housing Strategy).

In FY23 we achieved our target for number of newly constructed build-to-rent pilot units, although did not achieve our expected forecasts for SHO homes, third-party affordable homes, or newly constructed public homes. Delays in construction completion were caused by weather-related impacts particularly in the first quarter of 2023 (Jan-Mar). A number of key developments have been revised for completion in the first quarter of FY24 (July-Sep 2023).

Across the motu the environment for housing delivery has been challenging, with supply chain disruptions, shortages of building materials, and rising construction costs driven by inflation. This was the case for our Hinaki Kupenga development (63 units), where labour and supply chain issues stalled progress from Phase 1 to Phase 2 and pushed back the forecasted Council Code of Compliance date to late August 2023 (Q1 2024). In our Line Epping New Ground Capital development (50 units) health and safety concerns surrounding tenants living close to or on the active construction site led to a transfer of resources from multiple different blocks. This resulted in delays that pushed the forecasted Council Code of Compliance date to mid-August 2023 (Q1 2024).

For our Concord, Site A and Epping Evandale priority projects, ensuring the necessary Mana Whenua engagement procedures were properly followed and completed meant some delays were in achieving infrastructure readiness were experienced. This resulted in building consents for Site A and Concord, and resource consent for Epping Evandale being rescheduled for lodgement in early FY24. Resource consent for Pirangi was not lodged as the process for establishing project feasibility took longer than expected when addressing roading changes and constraints on building larger homes. The building project for 136 Taniwha was partially reset, to ensure it would deliver upon long-term expected outputs of the project. In FY24, we will undertake further testing of the site redevelopment options, working closely with Ngāti Pāoa, culminating in submission of a business case to Ministers.

In our current pipeline, we have lodged or are due to lodge resource consent for projects that will deliver 300 new homes over the next four years, with an additional 476 homes projected to deliver within the next four years.

The work that we have done internally, and with Kāinga Ora, over the last year to optimise the end-to-end development process will enable us to deliver more homes faster in the years to come, in line with our output intentions over the next five years. This has involved reviewing each stage of the development process, including the feasibility, design, and construction phases, and identifying process improvements that will enable us to streamline the delivery of new homes. We know that this streamlining of processes will deliver greater wellbeing outcomes through accelerating the delivery of new homes. Our Statement of Performance Expectations for FY24 outlines key enabling project milestones that will expediate our housing delivery, gaining resource and building consents and furthering progress in our key development sites.

OUTPUT MEASURE / ENABLING PROJECT	FY23 TARGET / MILESTONE	FY23 ACTUAL	STATUS	COMMENTARY
Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC[12]	38	**26**	Not met	
Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC[13]	13	**9**	Not met	Remaining homes are expected to be completed in July FY24. Delivery has been postponed due to a combination of the severe weather events and delays in achieving consent that was consistent across most of our building sites.
Number of newly constructed build-to-rent pilot units – delivery managed by Kāinga Ora on behalf of TRC[14]	18	**18**	Met	
Number of third-party affordable houses delivered across Tāmaki neighbourhoods.	188	**75**	Not met	63 units in Hinaki Kupenga (1a) and 50 units in Line Epping New Ground Capital were delayed and will deliver in August 2023.
ENABLING PROJECTS				
Strategic Land Acquisitions	Feasibility report to board	**Acquisition made**	Met	
260 Apirana Avenue Redevelopment	Resource consent granted		Not met	Resource consent not lodged – engagement with HUD on delivery options for this site will culminate in the submission of a ministerial business case during FY24.

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

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

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

OUTPUT MEASURE / ENABLING PROJECT	FY23 TARGET / MILESTONE	FY23 ACTUAL	STATUS	COMMENTARY
Site A Redevelopment	Resource consent granted		Not met	Resource consent is scheduled to be lodged in Q1 FY24.
Epping-Evandale	Resource consent granted		Not met	Resource consent is scheduled to be lodged in Q1 FY24.
Pīrangi	Building consent granted		Not met	Resource consent is scheduled to be lodged in Q2 FY24, with building consent scheduled to be lodged in Q2 FY25.

Housing Resources: Revenue and Output Expenses for 2022-2023

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

REVENUE AND OUTPUT EXPENSES ($000s)	FY23 ACTUAL TRC GROUP	FY23 ACTUAL TRL	FY23 ACTUAL	FY23 BUDGET	DIFFERENCE
Revenue					
Crown	0	46,079	46,079	48,014	(1,935)
Other	25,144	33,060	58,204	34,447	23,757
Total Revenue	25,144	79,139	104,283	82,461	21,822
Expenses	(15,047)	(109,653)	(124,700)	(115,550)	(9,150)
Net (deficit)	10,097	(30,514)	(20,417)	(33,089)	12,672

Commentary:
Actual Crown revenue is $1.9m lower than budget due to the apportionment between income related rent subsidy and income related rent as TRC received more income related rent than budgeted and less Crown revenue (income related rent subsidy).
Other Revenues of $58.2m includes $13.6m intercompany management fee and $11.3m dividends received in TRC Group which is eliminated in the budget and therefore results in a $23.8m variance between actual and budget.
Expenses were $9.1 over budget as management fees have been reclassified to revenue to align with financial statements. Overspends were incurred of $1m reactive maintenance being deferred spend from FY21/22 COVID-19 restrictions, and $1m council rates inflation higher than budget.

Housing Resources: Progress towards achieving strategic intentions set out in Statement of Intent

This year, we continued to put people first and deliver a quality tenancy management service. While we narrowly missed our target for tenant satisfaction, we are confident we will return this measure to the high levels we have demonstrated in the previous SOI period (2017-2020).

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

We made progress on key indicators around Healthy Homes Regulation compliance and portfolio average quality (CGI), through both regeneration and the provision of cost-effective planned and responsive maintenance. Our CGI of 2.18 follows the trend of continual improvement from our last SOI (in FY20 we had a CGI of 2.64, in FY21 it was 2.49 and by FY22 we reached 2.35). This means more whānau living in Tāmaki have safe, dry, and quality homes.

This year, we delivered 26 public homes, 9 SHO homes, 75 third-party affordable homes and 25 transitional houses for whānau to move into. We expected to make greater progress in our housing delivery targets, however changes in our delivery model amidst a challenging operating environment meant achieving the targets set was less plausible.

In FY24, we will continue to prioritise activities that increase the pace and scale of our housing delivery while still upholding a high standard of quality. We will also have a more established and well-resourced team leading our delivery of homes. We have homes currently sitting in our development pipeline, and we have undertaken an extensive review of the forward development programme that will support us in making strides towards reaching our SOI targets in the coming years.

Our results and expected performance against medium-term SOI indicators in FY22 to FY24 is set out in the following table:

Note: The financial year targets and results ("actuals") are the targets set and the results reported in the SPE and Annual Report for the relevant financial year. The headline FY25 targets set in the FY21-FY25 SOI are accumulative, in the case of counting targets (i.e., they reflect the target for aggregated delivery across the four-year SOI period) and reflect the target for service performance in the final year (FY25) of the SOI period, in the case of percentage-based targets. Targets that are set for each financial year in the relevant SPE reflect TRC's progression towards the headline targets set in the FY21-FY25 SOI, as well as other factors that impact performance (e.g., changes to the operating environment, externalities such as pandemics).

MEDIUM-TERM SOI INDICATOR	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	FY24 TARGET
Portfolio average property condition (CGI).	2.35	2.26	**2.18**	2.17
Percentage of portfolio that is compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019 by 1 July 2023.	85%	100%	**100%**	NA
Tenants' overall satisfaction rating for Tāmaki Housing.	88.5%	80%	**79%**	75%
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki that are rehoused within Tāmaki.	100%	100%	**100%**	100%
Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC.	45	38	**26**	39
Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC	15	13	**9**	11
Number of newly constructed build-to-rent pilot units – delivery managed by Kāinga Ora on behalf of TRC	0	18	**18**	NA
Number of third-party affordable houses delivered across Tāmaki neighbourhoods.	68	188	**75**	87

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

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

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

Affordable Housing

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

We recognise the challenges whānau face to gain housing independence, so our Own-It programme in Tāmaki provides whānau with the knowledge and tools they need in making steps along the housing continuum towards home ownership. In this financial year, we delivered the Own-It financial capability programme to 4 cohorts. Each cohort attends an 8-week programme with one weekly workshop. These Own-It informational sessions develop a pipeline of whānau who are getting mortgage ready and prepared to move into one of our affordable homes in the coming years. As whānau go on this journey, we engage with them to understand their housing needs and aspirations and find the affordable housing best suited for them.

TRC has developed a range of affordable products across the housing continuum that are tailored to meet the needs of different Tāmaki whānau and enable them to make manageable steps on their home ownership journey. Products include build to rent, rent to own and SHO homes. In FY23, 52 Tāmaki whānau progressed along the housing continuum, 31 of which moving into SHO products. On top of this, 18 whānau were placed into affordable rental homes through our build to rent pilot, and 2 whānau who had come through our pipeline journey were supported into private market opportunities outside of Tāmaki. We were able to far exceed our target due to 18 whānau that entered the pipeline via the New Zealand Housing Foundation who were then placed into SHO homes. These families were not accounted for in the original assumptions due to uncertainty around build delivery dates and timing on when whānau would be settling in.

We see our Affordable Housing Programme as an important lever to drive more equitable outcomes for Māori and Pasifika in Tāmaki. We work alongside Mana Whenua (Ngāi Tai ki Tāmaki and Ngāti Pāoa) as we develop our products, ensuring they best meet their needs while prioritising Mana Whenua for our affordable homes. This is an important aspect of how we honour Te Tiriti o Waitangi in our activities. This year, we are proud that we have been able to support more Māori and/or Pasifika whānau along the housing continuum and into shared home ownership than our initial target of 70%. The leadership, operational model and purpose of the programme takes a deliberate approach to ensure commitment and accountability is established in meeting this goal. This is seen through embedded prioritisation frameworks and design guidelines, right through to way of working, connecting and engaging with community and relationship management of key priority cohorts.

Affordable Housing FY23 Output Measures

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Number of Tāmaki people who progress along the housing continuum[15].	10	30	**52**	Met	
Percentage of people who progress along the housing continuum that identify as Māori or Pasifika	100%	70%	**77%**	Met	
Number of Tāmaki people who progress along the housing continuum into a shared home ownership product[16].	5	12	**31**	Met	
Percentage of people who progress along the housing continuum into a shared home ownership product that identify as Māori or Pasifika.	100%	70%	**77%**	Met	

Jobs and Skills Hub

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

The Hub is an important aspect of our regeneration in Tāmaki. Finding employment helps locals build their skills and knowledge, progress towards their aspirations, maintain good health and wellbeing, and assists whānau in developing their financial independence. The Hub is

[15]Progressing along the continuum, for this measure, is defined by a signed contract (or signed letter of commitment) for entry into an affordable product.

[16]Progressing along the continuum, for this measure, is defined by a signed contract (or signed letter of commitment) for entry into a shared home ownership product is received.

actively involved within the community, working closely with local providers and community groups, and holding classes in the evenings. Each engagement from the Hub consists of job searching sessions, organising driving lessons, hosting community visitors, conducting employability assessments and making referrals to other supporting agencies. These initiatives made by the Hub ultimately helped place 207 locals into employment in FY23.

Growing a construction-ready workforce was identified by TRC as an area for great potential given the long-term positive impacts of training local candidates to work on local projects, as well as the significant opportunity for training and employment presented by the regeneration programme itself in Tāmaki. The Hub therefore aims to support locals into relevant construction and training opportunities. 28% of the total job placements were into construction related jobs, while 15 locals were placed into apprenticeships, cadetships, or internships during the year. In this financial year, the majority of placements were in the retail/hospitality and logistics/manufacturing sectors. We are proud to have met our target for percentage of construction-related job placements, despite inflation in the industry leading to hiring freezes across the board.

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

Jobs and Skills Hub FY23 Output Measures

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Number of Tāmaki people who are employed through TRC initiatives	179	150	**207**	Met	
Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika	70%	70%	**84%**	Met	
Percentage of people who are employed through TRC initiatives into construction-related jobs	22%	25%	**28%**	Met	
Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives.	11	15	**15**	Met	

Whānau by Whānau

Whānau by whānau is a kaupapa-Māori social service that supports whānau in crisis, for example those in high debt or struggling with food and financial insecurity, to develop and action long-term well-being plans. Whānau by whānau is a tiered service, so whānau in greater need get more intensive, specialised support. The service is funded by TRC and delivered by Ruapōtaka Marae. The quality of the Marae's engagement with these whānau is in part due to the close place-based-relationships kaimahi have with whānau, and a "do-learn-do" approach that supports kaimahi to operate in innovative ways to provide the best tailored care.

The need for whānau by whānau is evident as the challenges faced by these Tāmaki whānau have now only been amplified by rising inflation rates and the severe weather events across Tāmaki Makaurau. Together with our partners, we are proud to have surpassed our target for the year, supporting over 130 people and ensuring their immediate needs have been met. Such a high demand highlights the growing need for a culturally inclusive intensive support service that caters to the complex challenges present in the community, and we plan to continue implementation of this program throughout FY24.

Whānau by Whānau FY23 Output Measure

OUTPUT MEASURE	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Number of Tāmaki whānau engaging with the Whānau by Whānau service and receiving support for their immediate needs.	136	75	**131**	Met	

Social Transformation: Revenue and Output Expenses for 2022-2023

REVENUE AND OUTPUT EXPENSES ($000s)	FY23 ACTUAL TRC GROUP	FY23 ACTUAL TRL	FY23 ACTUAL	FY23 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	5	536	541	419	122
Total Revenue	5	536	541	419	122
Expenses	(5,767)	(339)	(6,106)	(6,582)	476
Net (deficit)	(5,762)	197	(5,565)	(6,163)	598

Commentary: The difference between budget and actual expenses relates to consulting fees for the financial literacy programme which are lower than budget. This is due to Housing Foundation, absorbing some of the fees for TRC into other activities. There was one less employee than budgeted resulting in personnel cost savings against budget. The planned system implementation has not commenced resulting in lower than budgeted consulting fees.

Social Transformation: Progress towards achieving strategic intentions set out in Statement of Intent

Our Statement of Intent 2021-2025 outlines the following multi-year initiatives within Social Transformation; Early Years Hub, Wellbeing Hub, Education Change Plan, Affordable Housing, Jobs and Skills Hub and Whānau by Whānau.

In FY23 we continued our focus to support the Affordable Housing Programme. This has shown to be a valuable part of the organisation, as we exceeded each of our targets and increased the number of Māori or Pasifika whānau in Tāmaki whānau who own their own home.

We also continued support for the intensive support service, Whānau by Whānau. The programme supported the wellbeing of 131 whānau in Tāmaki, continuing the strong efforts made in this area from last financial year. In supporting the wellbeing of these whānau we help to achieve whānau ora while identifying and tackling the systemic barriers that drive inequity for Māori and Pasifika families.

We will continue to accumulatively increase the number of locals placed into diverse training and employment opportunities through the Jobs and Skills Hub. During FY23, 207 people were employed through TRC initiatives. We see this as an important lever for driving equity outcomes, and therefore aim to have at least 70% of those employed identified as Māori and/or Pasifika. This year we succeeded on this measure and achieved a strong rate of 84%.

The biggest challenge we have faced in facilitating job placement has been in our engagement with local building projects. We have utilized an on the ground approach through 'door-knocking' at sites, but it is apparent that some contractors and developers need a formal introduction to the Hub with clear rules of engagement. This is something we aim to establish moving forward through increased engagement with local community organisations and leveraging our relationships with our construction and maintenance partners.

Training and upskilling are critical for some industries such as construction, so there is a focus on ensuring vocational and formal training opportunities are available. The social transformation programmes we have in place support whānau into employment, develop skill and build housing independence pathways all supporting their aspirations and enhancing their physical health and holistic wellbeing.

Our performance against medium-term SOI indicators in FY23, is set out in the following table.[17]

MEDIUM-TERM SOI INDICATOR	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	FY24 TARGET
Number of Tāmaki people who are employed through TRC initiatives.	179	150	**207**	150
Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika.	70%	70%	**84%**	70%
Percentage of people who are employed through TRC initiatives into construction-related jobs.	22%	25%	**16%**	25%
Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives.	11	15	**15**	15

[17] Please refer to the note on page 17 expanding on the relationship between SOI indicators and SPE targets/Annual Report results.

STRATEGIC PRIORITY – ECONOMIC DEVELOPMENT

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

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

We have been working closely with our partners, including the Glen Innes Business Association, Maungakiekie-Tāmaki Local Board, and Auckland Council, to develop and revitalise the Glen Innes town centre. A key milestone for this programme was the purchase and subsequent redevelopment of a commercial property in the town centre in FY22. During FY23, the Tāmaki Innovation Hup Pilot has operated out of the space, alongside an artist-in-residence space. The ground floor of the property has been redeveloped during FY23 to accommodate an eatery operating as a social enterprise, which will open in FY24.

The Tāmaki Innovation Hub is a key initiative to support our regeneration. The Innovation Hub officially opened its doors in June 2022 partnering with Tāmaki Regeneration, Auckland Unlimited and the local community. It provides a physical centre for local innovation and collaboration, to support and enable the growth of young, talented Māori and Pasifika innovators and entrepreneurs in Tāmaki. Having a physical space helps activate the innovation network in Tāmaki and connect it to the wider Tāmaki Makaurau ecosystem. Additionally, the Hub helps to demonstrate that Tāmaki is a desirable location for both current and future businesses.

In The Flow State is a group has been contracted to run the Innovation Hub, mentor local businesses, and facilitate workshops. They have shown to be valuable operators of the Hub, exceeding their target of 25 local entrepreneurs and innovators registered as users of the Hub, with over 54 registered. 88 activations have been held at the Innovation Hub over the past year, with ESTBLSHD membership totalling 140 members, all local Tāmaki Māori or Pasifika entrepreneurs.

TRC acquired a site (260 Apirana Avenue) identified in the Glen Innes Revitalisation Plan as a key catalyst location, in the previous financial year. This site provides opportunities to enhance the existing offerings and amenities, support further economic development in the town centre, and enable the acceleration of our housing delivery.

During FY23, we undertook initial feasibility analysis of the site and engaged with Tātaki Auckland Unlimited to assess the potential to deliver commercial/office space on the site. This work involved development and testing of schematics and return metrics (i.e., the operating model) for the potential redevelopment of the site, which balanced a mix of uses covering residential, retail, and commercial. In FY24, we will undertake further testing of the site redevelopment options culminating in submission of a business case to Ministers.

These initiatives are delivering new, diverse uses into the town centre, consistent with our objectives to create thriving, attractive, and sustainable town centres. This will support our broader regeneration in Tāmaki and enable whānau to benefit from greater economic opportunity and prosperity, while supporting central and local government objectives for locally led economic development and the fostering and cultivation of innovation.

Consistent with the Government's good-faith, and collaborative approach to Māori-Crown relationships and our Te Tiriti o Waitangi obligations, we actively pursued opportunities for commercial partnerships with Mana Whenua and Māori entities and businesses in Tāmaki. In FY23, we reached an agreement for capability and capacity building with Ngāti Whātua ki Ōrākei and Ngāti Paoa for our 136 Taniwha Street development, having attained finalised and signed purchase agreements. We also reached an agreement in principle with Ngāi Tai ki Tāmaki as part of our Pīrangi Development, and Ngāti Paoa for our Concord Place Development, with purchase agreements in the process of being finalised and signed. In pursuing partnerships with Mana Whenua in these commercial spaces we have the opportunity to further support their overarching aspirations by incorporating them into the building process. Through allocating select iwi whānau a set number of SHO homes in the development, awarding building contracts to Mana Whenua associated businesses, and providing job placements and onsite development training to select iwi members, we can support the social and economic development of Mana Whenua we partner with.

Economic Development: Performance against 2022-2023 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY23 TARGET/ MILESTONE	FY23 ACTUAL	STATUS	COMMENTARY
Number of local innovators and entrepreneurs that register as users of the Tāmaki Innovation Hub	25	**54**	Met	
		ENABLING PROJECTS		
Operating Model for Commercial Space at 260 Apirana Avenue	Operating model complete	Operating model complete	Met	

Economic Development: Revenue and Output Expenses for 2022-2023

REVENUE AND OUTPUT EXPENSES ($000s)	FY23 ACTUAL TRC Group	FY23 ACTUAL TRL	FY23 ACTUAL	FY23 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	155	331	486	344	142
Total Revenue	155	331	486	344	142
Expenses	(1,512)	(87)	(1,599)	(1,132)	(467)
Net (deficit)	(1,357)	244	(1,113)	(788)	(325)
Commentary: Bank interest Income was higher than budgeted for due to higher interest rates, along with grant money received for the Innovation Hub. Personnel costs were higher than budgeted following an internal restructure after the SPE was finalised.					

Economic Development: Progress towards achieving strategic intentions set out in Statement of Intent

During FY23, we have delivered on the two initiatives outlined in TRC's Statement of Intent 2021-2025 for economic development: Glen Innes Town Centre Activation and Tāmaki Innovation Hub Pilot. Delivery against these initiatives is set out in the preceding FY23 non-financial performance statement. The Tāmaki Innovation Hub Pilot is operating well and provides a physical centre of gravity for local innovation and collaboration. We will continue to support the Innovation Hub over the course of its 18-month pilot to facilitate the development and growth of more and more entrepreneurs. These projects remain key to developing a diverse, mixed use town centre in Glen Innes, which provides employment opportunities and supports economic growth in the area.

STRATEGIC PRIORITY – PLACEMAKING

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

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

Our neighbourhood design process is important to ensure that Tāmaki is connected, both physically and socially. Physically through transport infrastructure, upgraded parks, reserves, cycleways, and walkways. Socially through friendly and welcoming neighbourhoods that support community cohesion, and high-quality community facilities and amenities that meet the needs of the diverse Tāmaki population.

During FY23 three neighbourhood plans were assessed utilising the original Quality Neighbourhood Framework (QNF), which included the recently completed Glenn Innes Northwest neighbourhood and the Panmure North/Point England neighbourhood. While Panmure North and Point England were designed as one contiguous neighbourhood, they are still identified as two distinct projects. All three neighbourhoods achieved the agreed minimum standards that assess the quality of the proposed designs.

Throughout this process the need for the QNF to be refreshed and updated was highlighted, as there were several instances where some elements of the neighbourhood plans were not able to be assessed using the framework. Key examples being instances where the level of detail required by the framework was not available at this scale of planning, or instances where a particular framework metric was not applicable. We have begun work on this refresh and the ongoing learnings will be integrated into the QNF going forward.

Our placemaking programme complements these physical moves by delivering events and activations bringing new and existing spaces to life with the community. These activations play an important role in our regeneration, building cohesive and thriving communities while also enabling and supporting local community groups to scale their activities.

During FY23, we successfully delivered multiple activations through the organising, hosting, and collaboration of multiple placemaking events for Tāmaki. The Hinaki Development Neighbours' Day provided a sociable time for new residents to meet and connect with one another over kai and family entertainment on their own backdoor steps. The Bradely Lane Project was an activation that partnered with local artists to bring Bradley Lane to life with colourful and impactful murals reflecting different kaupapa of the day. Also aimed towards highlighting the physical beauty of Tāmaki, the Te Ara Rama Matariki Light Trail was another activation TRC partnered in that transformed Maybury Reserve into a safari of lights attracting whānau in the thousands.

The upgrade and official opening of the Taniwha Reserve was a community event celebrating the activation of one of Tamaki's key natural spaces. Over 400 locals were in attendance throughout the day to view and enjoy in the reserve's featured improvements to the whenua, the awa and wayfinding. Nourishment of the Panmure community garden was another project further revitalising the Tāmaki area, while also serving as a key educational space for the community and the local Tāmaki Primary School. The garden delivers a unique Te Ao Māori experience and perspective on maramataka (planting by the lunar calendar), kai Māori and mātauranga Māori (ancestral knowledge).

As part of our placemaking initiatives, in FY23 TRC also developed a method for evaluating the social impact we as an organisation are having in the Tāmaki community. The insights gained will support the understanding of the long-term social change that occurs alongside our physical regeneration. In leveraging the expertise of our community facing teams and reviewing our sources of community data we established a narrative-driven data measure for social impact in Tāmaki, one that combines metrics and human stories. This approach provides a more holistic picture of social impact, acknowledging and highlighting the different factors and experiences that play a role for our Tāmaki whānau.

Placemaking: Performance against 2022-2023 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	STATUS	COMMENTARY
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework ("QNF").	Not measured	100%	**100%**	Met	
Number of events and activations delivered directly by TRC or in conjunction with partners.	5	5	**5**	Met	
Design and test a method for evaluating the social impact of TRC's regeneration in Tāmaki.	N/A	Method established.	**Method established.**	Met	

Placemaking: Revenue and Output Expenses for 2022-2023

REVENUE AND OUTPUT EXPENSES ($000s)	FY23 ACTUAL TRC GROUP	FY23 ACTUAL TRL	FY23 ACTUAL	FY23 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	1	92	93	22	71
Total Revenue	1	92	93	22	71
Expenses	(669)	(22)	(691)	(2,140)	1,449
Net (deficit)	(668)	70	(598)	(2,118)	1,520
Commentary: There was underspending in Placemaking due to a lower than budgeted headcount, lower spend on promotional materials and lower than budgeted project spending.					

Placemaking: Progress towards achieving strategic intentions set out in Statement of Intent

We continue to partner with Mana Whenua, a range of public and private sector organisations, our build and design partners, and the wider Tāmaki community to design and deliver on our Tāmaki Precinct Masterplan Implementation Plan. Actions in this financial year, include developing new neighbourhood plans that will unlock new development in Tāmaki, as well as multiple placemaking activities that foster social cohesion and highlight the strengths and beauty of different Tāmaki spaces.

Our performance against medium-term SOI indicators in FY23, is set out in the following table.[18] As mentioned, each of our three neighbourhood plans met the minimum requirements of the Quality Neighbourhood Framework, and more work will be done to refresh and update the framework to further improve the applicability and robustness of the framework. This activity is key to ensuring that our regeneration is collaborative, that it meets the needs of the Tāmaki whānau and supports social cohesion and vibrant communities.

MEDIUM-TERM SOI INDICATOR	FY22 ACTUAL	FY23 TARGET	FY23 ACTUAL	FY24 TARGET
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework	NA	100%	**100%**	100%

[18] Please refer to the footnote on page 17 expanding on the relationship between SOI indicators and SPE targets/Annual Report results.

COMPANY DISCLOSURES

The below disclosures are required under the Crown Entities Act 2004 and the Companies Act 1993 and are for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group), unless (and where specified) disclosures are required by one of the individual entities that make up TRC Legal Group.

TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. TRC Parent's brand or trading name is Tāmaki Regeneration Company.

Changes to the composition of the Board during the year

The Board of Directors for all entities within the TRC Legal Group as at 30 June 2023 consisted of the following members:

- Evan Davies (Chair)
- Kerry Hitchcock
- Madhavan Raman
- Rangimarie Hunia
- Leo Foliaki
- Patrick Snedden
- Susan Macken
- Diana Puketapu

During the 2023 financial year, the following changes occurred to the composition of the Board:

- Rangimarie Hunia commenced as a member of the Board on 01 May 2023.
- Leo Foliaki commenced as a member of the Board on 01 May 2023.
- Patrick Snedden commenced as a member of the Board on 01 May 2023.
- Diana Puketapu ceased as a member of the of the Board on 30 June 2023.
- Susan Macken ceased as a member of the Board on 30 June 2023

Schedule of Board meeting attendance

The governance for TRC Legal Group is conducted by the Board of TRC Parent. The total number of TRC Parent Board meetings held in the last financial year was 8.

DIRECTOR	NO. OF MEETINGS ATTENDED (during the year out of a possible 8)
Evan Davies (Chair)	8
Dr. Susan Macken (Deputy Chair)	5
Diana Puketapu	7
Kerry Hitchcock	8

Madhavan Raman	8
Rangimarie Hunia	1
Leo Foliaki	2
Patrick Snedden	2

Board and committee remuneration

The Boards of TRL and THAGP received no remuneration during the year. The Board of TRC Parent received a total of $246k remuneration during the year, the breakdown of which can be found in TRC Group's financial statements on page 52.

There have been payments of $7k made to committee members appointed by the Boards of the entities that constitute TRC Legal Group who were not Board members during the financial year.

Company secretary

Simpson Grierson, 88 Shortland St, Auckland Central.

Principal activities

The principal activities of TRC Legal Group during the period were:

- Tenancy and property management (THALP)

- Development of new social and private housing (TRL)

- Social and economic regeneration activities (TRC Parent)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the TRC Legal Group during the 2023 financial year.

Directors' interest in transactions and interests register changes

No directors' interests in transactions declared in any entity of TRC Legal Group. The full interest registers of the Board of TRC Parent, TRL and THAGP can be found on pages 30 to 32. Note, the members of all three Boards are the same at year-end.

Indemnification and insurance of directors and officers

During the period TRC Parent purchased insurance to cover all directors, officers and employees of all entities in the TRC Legal Group. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $5 million. The indemnity period runs from 30 September 2022 to 30 September 2023.

The total amount of insurance premium paid was $26k.

Employee salary band information

There are 47 employees of TRC Legal Group who earn a salary of more than $100,000. The breakdown of these employees into bands of $10,000 each is provided in the financial statements of TRC Group on page 54.

Good employer compliance

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

Donations

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

TRC Legal Group paid to Audit New Zealand the following amounts during the year:

- fees for the audit of financial statements of $423k; and

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

Company Directories for the Board

BOARD MEMBER	ENTITY	RELATIONSHIP
Evan Davies (Chair)	Executive Steering Group New Dunedin Hospital	Chair
	Melanesian Mission Trust Board	Trustee
	Anglican Trust for Women and Children	Trustee
	Todd Property Group Limited (and all Todd subsidiaries)	Director
	Auckland Arts Festival	Trustee
	Flinders Mines	Director
	Auckland City Mission	Trustee
	Tāmaki Redevelopment Company Limited	Chair
	Tāmaki Regeneration Limited	Chair
	THA GP Limited	Chair
	BBIG Group	Director
Dr. Susan Macken (Deputy Chair)	Tāmaki Redevelopment Company Limited	Deputy Chair
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	STG Limited	Director and Shareholder
	Blossom Bear Limited	Director and Shareholder
	Private Accounting Trustee Limited	Director and Shareholder
	Spa Electrics Pty Limited (an Australia-based company)	Chair
Diana Puketapu	Manawanui Support Limited	Director
	Ngāti Porou Holding Company Limited	Director
	Napier Port Holdings Limited	Director
	NZ Cricket	Director
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Ngāti Porou Berries Limited	Director
	New Zealand Olympic Committee	Member
	Port of Napier Limited	Director
	DNA Designed Communications Limited	Director
	Trade Window Holdings Limited	Director
Kerry Hitchcock	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director

	Haven Funds Management Limited	Director
	Haven Living Management Limited	Director
	Haumaru Auckland Limited	Director
	Charta Funds Management Limited	Director and Shareholder
	Fidelta Group Limited	Director and Shareholder
	Northcote Rd 1 Holdings Limited (Smales Farm)	Director
	Lakefront Trustee Limited	Director
	Lakefront Investments Limited	Director
	Proventus Group Limited	Director
	Ankyra Limited	Director
	Realm Property Group Ltd	Director and Shareholder
	Realm Victoria Ltd	Director
Madhavan Raman	Aiyappan Family Trust	Trustee
	Six Em Family Trust	Trustee
	Walsh Trust (West Auckland Living Skills Home Trust)	Trustee
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
Rangimarie Hunia	Te Ohu Kaimoana Trustee Ltd	Chair
	Te Ohu Kaimoana Remuneration & Appointment Committee	Member
	Westpac Sustainability Panel	Panelist
	Moana New Zealand	Director
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Rangitia Associates Limited	Director
	Rangitia Investments Limited	Director
	Charisma Developments Limited	Director
	Aotearoa Fisheries Limited	Director
Leo Foliaki	Auckland University of Technology	Council Member
	Dilworth Trust	Trustee
	Fred Hollows New Zealand Trust	Trustee
	NZ Opera	Director
	Auckland Light Rail Limoted	Director
	Tuputoa Trust	Trustee
	Fern Capital Limited	Director
	Tàmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	PWC (until 31 December 2022, was not involved any work delivered by PwC to TRC)	Partner
Patrick Snedden	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Manaiakalani Education Trust	Chair

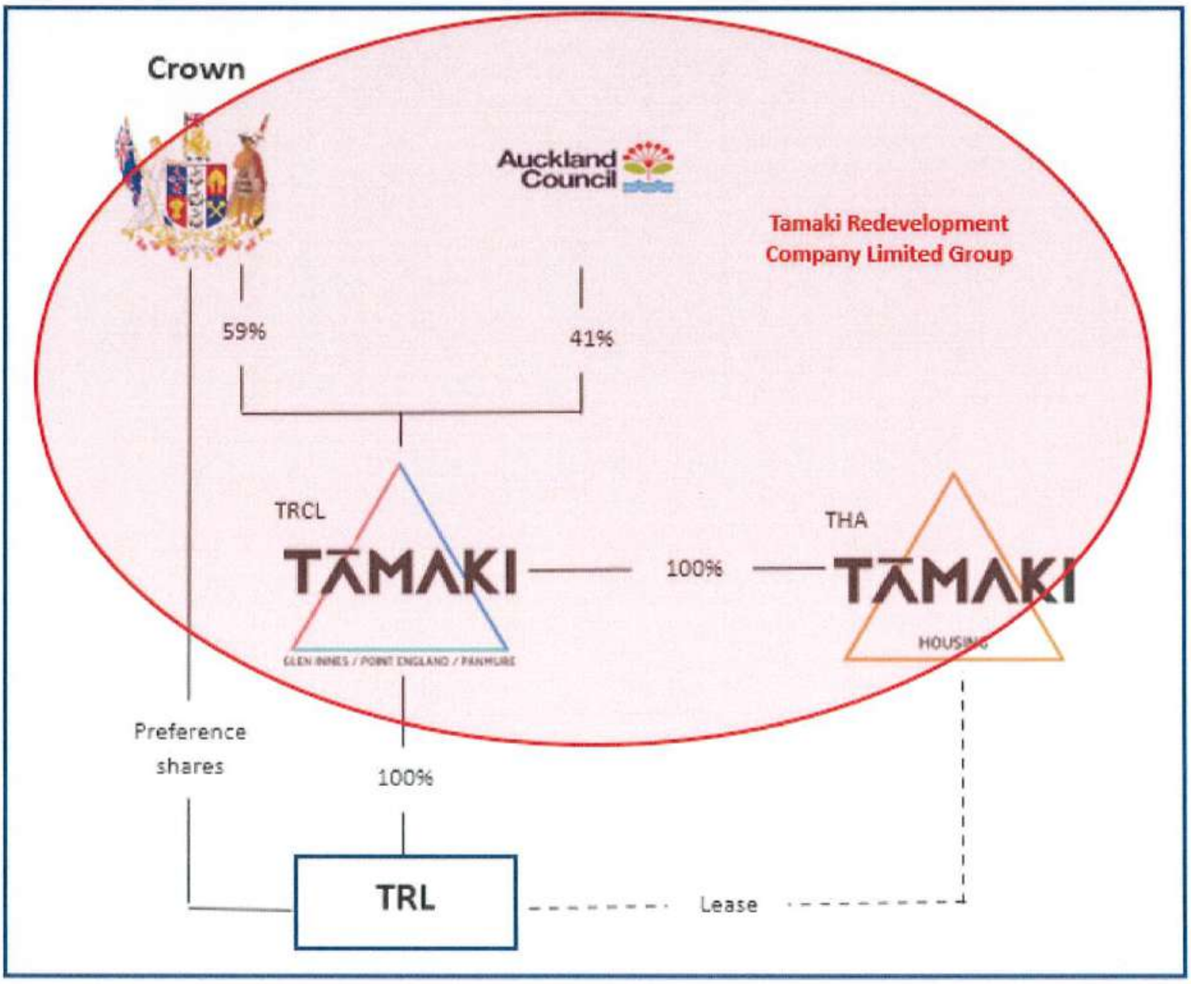
	Odyssey House Trust	Chair
	Te Urungi o Ngati Kuri Limited	Director
	Snedden Publishing and Management Ltd (and subsidiaries)	Chair
	Waimarama Orchards Limited	Director
	Wharekapua Limited	Director
	Ayers Contracting Service Limited	Director
	Data Publishing Limited	Director
	Te Paki Limited	Director

FINANCIAL STATEMENTS INTRODUCTION

The sections that follow contain the financial statements of the Tāmaki Redevelopment Company Limited Group known as Tāmaki Regeneration Company (TRC). TRC is happy to present the financial statements for:

- Tāmaki Redevelopment Company Limited Group
- Tāmaki Regeneration Limited
- Tāmaki Redevelopment Company Limited Legal Group (Unaudited)

Tamaki Redevelopment Company Limited Legal Group (TRC Group)



TRC consists of four entities: Tamaki Redevelopment Company Limited, Tamaki Housing Association Limited Partnership and THA GP Limited, Tamaki Regeneration Limited. The three sets of financial statements represent specific groupings of TRCs four entities based on ownership and control of each entity. The diagram and table below shows the structure of the Tamaki Redevelopment Company Legal Group, known as Tamaki Redevelopment Company. The table below this diagram shows the grouping of company financial statements and the entities covered.

Financial Statement Grouping	Entities	Basis of Grouping
Tāmaki Redevelopment Company Limited Group	• Tāmaki Redevelopment Company Limited (Parent) • Tāmaki Housing Association Limited Partnership • THA GP Limited	Tāmaki Redevelopment Company Limited is 59% owned by Crown and 41% owned by Council and is the sole partner in Tāmaki Housing Association Limited Partnership THA GP Limited. These financial statements exclude Tāmaki Regeneration Limited as the Crown has sole control of this entity.
Tāmaki Regeneration Limited	• Tāmaki Regeneration Limited	This entity holds TRC's public homes valued with total assets of \$2.9b and is predominantly owned and controlled by the Crown through preference shares.
Tāmaki Redevelopment Company Limited Legal Group (Unaudited)	• Tāmaki Redevelopment Company Limited (Parent) • Tāmaki Regeneration Limited • Tāmaki Housing Association Limited Partnership • THA GP Limited	These unaudited financial statements represent the TRC Group (which is a legal grouping) and represents the public facing organisation of TRC (including Tāmaki Housing Association).

The achievements which underpin the financial statements, which following this introduction, are reflected in the key achievements and reporting against strategic priorities which precede this section and reflect reporting against performance measures and targets agreed with TRC's shareholders through the Statement of Intent (SOI) and Statement of Performance Expectations (SPE) which are contained on the TRC website.

Financial Performance

Over the year ended 30 June 2023 Tamaki Redevelopment Company Limited (TRCL) received revenue in the form of a management fee from TRL to provide housing management services to tenants of 2,519 homes and to manage maintenance on behalf of Tamaki Regeneration Limited (the owner of these homes). In addition, TRCL received a dividend from TRL to funds the social, economic, and placemaking priorities and activities undertaken by TRC (parent). From this revenue, TRCL generated a surplus of \$2.3m in undertaking these activities. These activities are reflected in the strategic priority reporting that occurs earlier in this annual report.

TRL Limited received total revenue of \$77.6m with rental portfolio income (income related rent subsidy (from HUD) and income related rent (from tenants)) making up \$68.3m or 88% of total revenue from 2,427 properties. TRL also generated \$8.9m from the sale of 12 shared home ownership properties. TRL generated earnings before interest taxation amortisation and fair value adjustments of \$3.9m. Total expenses included repairs and maintenance and direct property costs totalling \$48.2m.

Financial Position

TRCL holds very few assets as TRC Group's public homes are owned by TRL.

As at 30 June 2023 TRL's total assets totalled \$2.9b down from a prior year value of \$3.2b which reflected a decline in the value of TRL's housing portfolio of approximately \$0.4b or 12.9% in line with the movement in Auckland housing values of 11.8% (QV Price Index). Over FY23 82 homes were added to the portfolio and 94 homes were removed for redevelopment of the underlying land.

The other significant asset balance is inventories which reflects land held for predominantly for development as shared home ownership homes and some market homes. The increase in this balance reflects the ramp up our shared home ownership programme.
The TRC Group works in partnership with Kainga Ora as our master developer. From 30 June 2022 to 30 June 2023 TRL's creditors and other payables balance has reduced by $20.1m reflecting lower land receipts held which are payable to Kainga Ora as TRC moves to 100% take out model for public and shared home ownership housing delivery.

Cash Flow
The statement of cash flows shows that TRL continues to produce net positive operating cashflows but at a reduced level reflecting the impact of increasing costs under the currently higher inflationary environment but with cash receipts having slightly declined as homes are moved into redevelopment. The redevelopment process creates a lag effect as tenantable homes reduce before the number of homes increases post redevelopment.

Investing cash flows at $129.3m reflect the increased development activity within Tamaki plus a significant land purchase. Many of the homes associated with this spend will be delivered in subsequent financial years. Financing cash flows show the drawdown of Crown convertible preference share funding resulting in the current subscription agreement being fully subscribed. It is extremely pleasing to note the confidence in the TRC Group with a 4 year $870m equity funding facility reflected in the Crown's May 2023 budget and the underpinning programme approved by Shareholding Ministers in July 2023.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
Financial Statements
For the year ended 30 June 2023

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TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2023

We are responsible for the preparation of Tāmaki Redevelopment Company Limited Group's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Redevelopment Company Limited Group's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 90 to 97 of this Annual Report.

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

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

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Redevelopment Company Limited Group for the year ended 30 June 2023.

Signed on behalf of the Board:

Director	Director
9 October 2023	9 October 2023

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Revenue				
Management fee income	2	13,629	14,789	10,880
Dividend received		11,300	10,000	9,250
Other income		171	104	2
Total revenue		**25,100**	**24,893**	**20,132**
Expenditure				
Personnel costs**		13,724	15,109	13,665
Consultants and professional fees**		3,759	4,114	3,731
Contractors and temporary staff		116	294	51
Directors fees	12	253	313	237
Utilities and insurance		85	123	114
Other expenses	3	4,979	4,253	4,097
Total expenditure		**22,916**	**24,207**	**21,896**
EBITDAF*		**2,184**	**686**	**(1,764)**
Depreciation and amortisation expense	5,6	81	74	107
EBIT		**2,103**	**612**	**(1,871)**
Interest income		206	0	12
Net interest income		**206**	**0**	**12**
Surplus for the year		**2,309**	**612**	**(1,859)**
Total comprehensive revenue and expense		**2,309**	**612**	**(1,859)**

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

The accompanying notes form part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*
*** Comparative information has been reclassified to ensure consistency with current year presentation.*

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		6,095	6,102	3,308
Trade and other receivables	4	2,328	642	561
Total current assets		**8,423**	**6,744**	**3,869**
Non-current assets				
Property, plant and equipment	5	175	416	268
Intangible assets	6	0	(12)	0
Total non-current assets		**175**	**403**	**268**
Total assets		**8,598**	**7,147**	**4,137**
Liabilities				
Current liabilities				
Creditors and other payables	7	15,950	15,421	13,651
Annual leave liability		824	903	971
Total current liabilities		**16,774**	**16,323**	**14,622**
Total liabilities		**16,774**	**16,323**	**14,622**
Net assets		**(8,176)**	**(9,176)**	**(10,485)**
Equity				
Ordinary shares - Crown		5,000	5,000	5,000
Ordinary shares - Auckland Council		3,500	3,500	3,500
Accumulated (deficit)		(16,676)	(17,676)	(18,985)
Total equity	8	**(8,176)**	**(9,176)**	**(10,485)**

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

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 9 October 2023.

Director
9 October 2023

Director
9 October 2023

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Balance at 1 July		(10,485)	(9,787)	(8,626)
Total comprehensive revenue and expense				
Surplus for the year		2,309	612	(1,859)
Total comprehensive revenue and expense		**2,309**	**612**	**(1,859)**
Balance at 30 June	8	**(8,176)**	**(9,176)**	**(10,485)**

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

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Cash flows from operating activities				
Management fee income		12,033	14,789	11,731
Receipts from other revenue		171	104	2
Interest received		206	0	12
Payments to suppliers		(6,690)	(9,587)	(10,796)
Payments to employees		(14,224)	(15,109)	(12,571)
Goods and services tax (net)		14	0	166
Dividend received from TRL		11,300	10,000	9,250
Interest paid		0	0	0
Net cash flow from operating activities		**2,810**	**197**	**(2,206)**
Cash flow from investing activities				
Purchase of property, plant and equipment		(23)	(197)	(78)
Purchase of intangible assets		0	0	0
Net cash flow from investing activities		**(23)**	**(197)**	**(78)**
Net (decrease)/increase in cash and cash equivalents		**2,787**	**0**	**(2,284)**
Cash and cash equivalents at the beginning of the year		3,308	6,102	5,592
Cash and cash equivalents at the end of the year		**6,095**	**6,102**	**3,308**

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

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

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

These financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's financial statements are presented separately on pages **59** to 86 of this Annual Report. This Annual Report also presents, on pages 90 to 97, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group, which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP) and are not audited. Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

The financial statements for TRC Group are for the year ended 30 June 2023. They were approved by the Board on 9 October 2023.

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

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

1. The declaration of a dividend from TRL for $11.3m on 25 October 2023. The Entitled Persons/Ministerial approval for the dividend waiver is still to be obtained but based on past practice this is expected to be received.
2. The TRL Board has resolved to provide cash flow support to TRC group if needed; and
3. TRL is expected to be solvent and be in a position to provide the dividend to TRC group once the entitled person/ministerial approval is received.

The accounting policies have been applied consistently throughout the period.

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

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

Reclassification of comparative information
Certain comparative information has been reclassified to ensure consistency with the current year presentation. This has been highlighted in the relevant notes.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

SIGNIFICANT ACCOUNTING POLICIES

Control and consolidation

Subsidiaries

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

Loss of control

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

Revenue from exchange transactions

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

Management fee income

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

Interest income

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

Dividend revenue

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

Receivables

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

Property, plant and equipment

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

Additions

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Subsequent costs

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

Depreciation

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

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

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

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software where TRC owns and controls the software. As with PBE IPSAS38 where TRC does not own or control software development, costs are recognised as an expense when incurred. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of TRC Group's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software 3 years

Impairment of property, plant and equipment and intangible assets

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

Non-cash-generating assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

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

Presentation of employee entitlements

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

Provisions

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

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

Financial instruments

TRC Group classifies all its financial assets and liabilities at amortised cost under the accounting standard PBE IFRS 41 *Financial Instruments* on the basis that these financial instruments are non-derivative and constitute solely payments of principal and interest and the asset (or liability) are held to collect (or settle via) cash flows.

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Budget figures
The budget figures are derived from the statement of performance expectations as approved by the Board on 29 June 2022. The budget figures were prepared in accordance with NZ GAAP.

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Accounting standards adopted during the period
PBE IPSAS 41 Financial Instruments
The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. There are no significant changes as the requirements are similar to PBE IFRS 9.

Amendment to PBE IPSAS 2 Statement of Cash Flows
An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and no-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021 and therefore TRC Group hav adopted the standard during the year.

PBE FRS 48 Service Performance Reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1. It is effective for reporting periods beginning on or after 1 January 2021 and therefore TRC Group have adopted the standard during the year. TRC Group has assessed that there is no material impact of the new accounting standard on its financial statements.

Accounting standard issued but not yet effective
For standards issued that have not yet commenced to apply, these standards are not expected to have a material impact on the financial statements.

2. MANAGEMENT FEE INCOME

	2023 Actual $000's	2022 Actual $000's
Management services provided by THALP to TRL	7,354	5,723
Management services provided by TRC Parent to TRL	6,275	5,157
Total management fee income	**13,629**	**10,880**

Management services provided by THALP to TRL

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

THALP is a registered Community Housing Provider and as part of its activities, it collected a combined Income Related Rent Subsidy (IRRS) and Income Related Rent (IRR) amounting to $67.9m for the year (2022: $67.7m), the majority of which was subsequently remitted to TRL. THALP also collected income of $82k (2022: $24k) from tenants under a rent to own scheme. This was remitted to TRL.

3. OTHER EXPENSES

		2023 Actual $000's	2022 Actual $000's
Fees to EY for audit of 2022/23 financial statements		215	0
Fees to Audit New Zealand for audit of 2021/22 financial statements		1	176
IT support and licence fees		1,043	612
Printing and stationery		258	265
Telephones and mobiles		174	136
Marketing and collateral		66	646
Rent		473	459
Motor vehicle expenses		158	104
Staff training		445	157
Legal expenses		81	35
Travel expenses		25	8
Other		2,040	1,499
Total other expenses	*	**4,979**	**4,097**

* Comparative information has been reclassified to ensure consistency with current year presentation.

4. TRADE AND OTHER RECEIVABLES

	2023 Actual $000's	2022 Actual $000's
Trade receivables	1,887	11
Prepayments	201	228
Receivable from TRL*	74	142
GST receivable	166	180
Total trade and other receivables	**2,328**	**561**

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

5. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress Actual $000's	Office equipment Actual $000's	Computer equipment Actual $000's	Leasehold improvements Actual $000's	Total Actual $000's
Cost					
Balance at 30 June 2021	0	438	171	936	**1,545**
Balance at 30 June 2022	74	435	150	936	**1,595**
Additions during the year	18	4	2	0	**23**
Disposals during the year	0	0	0	0	**0**
Transfer within PPE	(56)	0	0	56	**0**
Expensed to expenditure	(36)	0	0	0	**(36)**
Balance at 30 June 2023	**(0)**	**439**	**151**	**992**	**1,582**
Accumulated depreciation					
Balance at 30 June 2021	0	374	125	750	**1,248**
Balance at 30 June 2022	0	406	121	800	**1,327**
Depreciation charge for the year	0	22	11	47	**80**
Disposals during the year	0	0	0	0	**0**
Balance at 30 June 2023	**0**	**428**	**132**	**847**	**1,407**
Carrying Amounts					
Balance at 30 June 2021	0	64	46	186	**297**
Balance at 30 June 2022	74	29	29	136	**268**
Balance at 30 June 2023	**(0)**	**11**	**19**	**145**	**175**

There are no restrictions over the title of TRC Group's property, plant and equipment, nor are there any property, plant and equipment pledged as security for liabilities. (2022: nil).

6. INTANGIBLE ASSETS

	Acquired software Actual $000's	Total Actual $000's
Cost		
Balance at 30 June 2021	227	227
Balance at 1 July 2022	161	**161**
Additions during the year	0	**0**
Disposals during the year	0	**0**
Balance at 30 June 2023	**161**	**161**
Accumulated amortisation		
Balance at 30 June 2021	224	**224**
Balance at 1 July 2022	161	**161**
Amortisation charge for the year	0	**0**
Disposals during the year	0	**0**
Balance at 30 June 2023	**161**	**161**
Carrying Amounts		
Balance at 1 July 2022	0	**0**
Balance at 30 June 2023	**0**	**0**

There are no restrictions over the title of TRC Group's intangible assets, nor are any intangible assets pledged as security for liabilities. (2022: nil).

7. CREDITORS AND OTHER PAYABLES

	2023 Actual $000's	2022 Actual $000's
Creditors	768	632
Accrued expenses	1,447	1,347
Restructure Provision	0	419
Payable to TRL*	3,767	60
Revenue received in advance from TRL*	9,968	11,193
Total creditors and other payables	**15,950**	**13,651**

At year end 2022 a restructure was in progress to align staffing numbers and expertise with TRC Group's housing priority. The restructure provision was for associated redundancy payments.

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

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

8. EQUITY

	Ordinary shares	
	2023 Actual $000's	2022 Actual $000's
Contributed capital		
Balance at 1 July	8,500	8,500
Balance at 30 June	**8,500**	**8,500**
Accumulated (deficit)		
Balance at 1 July	(18,985)	(17,126)
Total comprehensive revenue and expense	2,309	(1,859)
Balance at 30 June	**(16,676)**	**(18,985)**
Total equity	**(8,176)**	**(10,485)**

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

9. COMMITMENTS

There are no capital commitments as at 30 June 2023 (2022: nil).

Operating leases as lessee Look a

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

	2023 Actual $000's	2022 Actual $000's
Not later than one year	541	547
Later than one year not later than five years	275	587
Later than five years	0	0
Total non-cancellable operating leases	**816**	**1,134**

10. CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2023 (2022: nil).

11. RELATED PARTY TRANSACTIONS

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

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

Key management personnel compensation

	2023 Actual	2022 Actual
Board members		
Remuneration ($000's)	246	228
Full-time equivalent members	0.69	0.58
Leadership team		
Remuneration ($000's)	2,156	2,117
Full-time equivalent members	7.42	7.83
Total key management personnel remuneration ($000's)	**2,403**	**2,345**
Total full time equivalent personnel	**8.11**	**8.41**

$63k of employer Kiwisaver contributions is included within the Leadership Team Remuneration disclosure above (2022 $60K).

12. BOARD REMUNERATION

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

	2023 Actual $000's	2022 Actual $000's
Evan Davies (Chair)	73	73
Dr. Susan Macken (Deputy Chair)	46	46
Kerry Hitchcock	37	37
Diana Puketapu	37	37
Madhavan Raman	37	37
Leo Foliaki	6	0
Patrick Nesbit Snedden	6	0
Rangimarie Hunia	6	0
Total Board member remuneration	**246**	**228**

12. BOARD REMUNERATION (CONT'D)

TRC Group has provided a deed of indemnity to its Directors during the financial year. TRC Group has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation. (2022: nil).

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

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

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

13. EMPLOYEE REMUNERATION

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

In addition to the legislated rate of KiwiSaver for eligible employees, TRC provides the following benefits:
- $300 per annum wellbeing reimbursement
- A top up on the government's paid parental leave contribution to 100% salary for up to 13 weeks
- 5 weeks annual leave
- 10 days annual sick leave
- TRC Group no longer offers any term incentives

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

Senior Leadership Team Remuneration Reviews
Senior Leadership Team remuneration reviews are signed off by the Chief Executive and Board. The Board will determine any changes to the Chief Executive's salary.

2023 Remuneration

Employee Kiwisaver Contributions
Included in the personnel costs line item within the statement of Comprehensive Revenue and Expenses is $267k (2022: $264k) of employer Kiwisaver contributions.

13. EMPLOYEE REMUNERATION (CONT'D)

Total remuneration paid or payable

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

	2023 Actual	2022 Actual
Total remuneration paid or payable:		
$400,000 - $409,999	1	0
$390,000 - $399,999	0	1
$340,000 - $349,999	1	0
$310,000 - $319,999	1	0
$300,000 - $309,999	1	1
$270,000 - $279,999	1	1
$250,000 - $259,999	0	1
$200,000 - $209,999	0	3
$190,000 - $199,999	2	1
$180,000 - $189,999	2	1
$170,000 - $179,999	2	3
$160,000 - $169,999	9	1
$150,000 - $159,999	4	2
$140,000 - $149,999	2	4
$130,000 - $139,999	5	6
$120,000 - $129,999	2	7
$110,000 - $119,999	3	8
$100,000 - $109,999	11	8
Total employees with remuneration above $100,000	**47**	**48**

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

In 2023, no employees received compensation in relation to cessation of employment during the year (2022: 1 employee). There is no provision at year end for a restructure (2022: $419k).

Executive Team Remuneration

	2023 Actual $000's	2022 Actual $000's
Chief Executive Officer	403	396
Chief Financial Officer	341	307
General Manager Strategy and Performance	0	51
General Manager Outcomes & Community Development	165	207
General Manager Housing	309	271
General Manager Strategy & Masterplanning	273	257
General Manager Development and Commercial	310	94
General Manager Connections and People Experience	140	291
General Manager Social Transformation	215	242
Total Executive Team Remuneration	2,156	2,117

In 2023 the GM Connections & People Experience role was disestablished and GM Social Transformation & Partnerships was renamed. In 2022, the GM Strategy & Masterplanning, GM Connections & People Experience and GM Outcomes & Community Development roles were renamed. Whilst the majority of responsibilities remained consistent with the previous roles, there were additional responsibilities added into these roles which were reflected in the renaming of these roles.

14. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date (2022: nil).

15. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2023 Actual $000's	2022 Actual $000's
Financial assets at amortised cost		
Cash and cash equivalents	6,095	3,308
Trade and other debtors	2,328	561
Total loans and receivables	**8,423**	**3,869**
Financial liabilities measured at amortised cost		
Creditors and other payables	15,950	13,651
Total financial liabilities measured at amortised cost	**15,950**	**13,651**

16. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Total Surplus and Comprehensive revenue and expense for the year were both $1.8m above budget. Management fee income was $1.2m below budget due to less expenses incurred by TRC Parent on behalf of TRL. Actual dividend received was $1.3m more than budget due to increased funding required for the regeneration. Personnel costs were below $1.4m below budget due to a restructuring process which was a continuation from last financial year and role vacancies during the financial year.

Statement of financial position

Total equity was $1m less than budget at balance date due to $3.7m lower surplus from last financial year partially offset with $1.8m more surplus during the financial year. This was represented by Trade and other receivables being $1.7m above budget, whereas Creditors and other payables were $0.5m higher than budget.

Statement of cash flows

Net cashflow was $2.8m higher than budget broadly due to $1.3m lower cashflows used for Operating activities and $1.3m higher cashflows received from Financing activities. Whilst Actual Opening cash was $2.8m lower than budget, $1.3m lower Operating cashflow and $1.3m higher financing activities representing dividends received (as explained above), brought Actual Closing cash $6.1m which is on budget.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TAMAKI REDEVELOPMENT COMPANY LIMITED GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Tāmaki Development Company Limited Group (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 38 to 55, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include significant accounting policies and other explanatory information; and

- the performance information of the Group on pages 9 to 27.

In our opinion:

- the financial statements of the Group:

    - present fairly, in all material respects:

        - its financial position as at 30 June 2023; and

        - its financial performance and cash flows for the year then ended; and

    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and

- the performance information on pages 9 to 27:

    - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2023, including for each class of reportable outputs:

        - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

        - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

    - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 16 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

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

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

The Annual Report also includes other information**.** The Board is responsible for the other information. The other information comprises the information included on pages 1 to 8, 28 to 37 and 56 to 97 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Emma Winsloe

Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

TĀMAKI REGENERATION LIMITED
Financial Statements
For the year ended 30 June 2023

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TĀMAKI REGENERATION LIMITED
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2023

We are responsible for the preparation of Tāmaki Regeneration Limited's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Regeneration Limited's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 90 to 97 of this Annual Report.

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

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

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Regeneration Limited for the year ended 30 June 2023.

Director	Director
9 October 2023	9 October 2023

TĀMAKI REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Revenue				
Receipts from land disposals		0	0	7,734
Sales of shared ownership properties		8,899	15,177	0
Income-related rent subsidies	2	46,079	48,014	47,941
Residential Rental income from tenants	2	22,264	19,130	19,873
Recoveries from property damage		42	0	19
Other income		318	223	8,272
Total revenue		**77,602**	**82,543**	**83,839**
Expenditure				
Consultants and professional fees		681	829	683
Contractors and temporary staff		0	51	0
Legal expenses		17	25	22
Management fee expense		13,629	14,789	11,447
Cost of land disposed		9,433	14,954	0
Repairs and maintenance		35,050	34,118	25,970
Utilities and insurance		13,149	12,240	11,770
Other expenses	3	1,730	1,610	826
Total expenditure		**73,689**	**78,615**	**50,718**
EBITDAF*		**3,913**	**3,928**	**33,121**
Depreciation expense	6	36,413	37,296	53,365
(Gain)/Loss on fair value on shared ownership properties	10	869	0	(329)
Loss on revaluation on commercial properties		106	0	0
Loss on revaluation on rental properties		5,560	0	0
Total fair value adjustments		6,535	0	(329)
Total depreciation, amortisation and fair value adjustments		**42,948**	**37,296**	**53,036**
EBIT		**(39,035)**	**(33,368)**	**(19,915)**
Interest income		2,496	599	373
Interest expense		0	0	0
Net interest income		**2,496**	**599**	**373**
(Deficit) before tax		**(36,539)**	**(32,769)**	**(19,542)**
(Deficit) for the year		**(36,539)**	**(32,769)**	**(19,542)**
Other comprehensive revenue and expense				
Gain/(Loss) on revaluation of freehold land		(422,615)	0	643,755
Gain/(Loss) on revaluation of commercial properties		3,559	0	3,445
Gain/(Loss) on revaluation of rental properties		18,281	0	5,591
Total other comprehensive revenue and expense	8	**(400,775)**	**0**	**652,791**
Total comprehensive revenue and expense		**(437,314)**	**(32,769)**	**633,249**

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

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

TĀMAKI REGENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		39,435	31,092	47,723
Trade and other receivables	4	41,504	16,194	38,783
Inventories	5	100,561	174,456	56,863
Total current assets		**181,500**	**221,742**	**143,369**
Non-current assets				
Investment in shared ownership properties	10	4,832	7,752	3,590
Property, plant and equipment	6	2,741,205	2,268,981	3,100,546
Total non-current assets		**2,746,037**	**2,276,733**	**3,104,136**
Total assets		**2,927,537**	**2,498,475**	**3,247,505**
Liabilities				
Current liabilities				
Creditors and other payables	7	30,112	6,857	50,870
Total current liabilities		**30,112**	**6,857**	**50,870**
Non-current liabilities				
Deferred GST on shared ownership properties		793	0	510
Total non-current liabilities		**793**	**0**	**510**
Total liabilities		**30,905**	**6,857**	**51,380**
Net assets		**2,896,632**	**2,491,618**	**3,196,125**
Equity				
Ordinary shares - TRC Parent		0	0	0
Preference shares - Crown		1,930,996	1,802,593	1,781,875
Revaluation reserve	8	1,198,712	966,666	1,611,768
Accumulated (deficit)		(233,076)	(277,640)	(197,518)
Total equity		**2,896,632**	**2,491,618**	**3,196,125**

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

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 9 October 2023.

Director
9 October 2023

Director
9 October 2023

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Notes	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2022		**1,781,875**	**1,611,768**	**(197,518)**	**3,196,125**
Total comprehensive revenue and expense					
(Deficit) for the year		0	0	(36,539)	**(36,539)**
Other comprehensive revenue and expense		0	(400,775)	0	**(400,775)**
Transfer of revaluation reserve on PPE derecognition		0	(12,281)	12,281	**0**
Total comprehensive revenue and expense		**0**	**(413,056)**	**(24,258)**	**(437,314)**
Owners' transactions					
Capital contribution		128,600	0	0	**128,600**
Dividend paid		0	0	(11,300)	**(11,300)**
Adjustment on derecognition of inventory		20,521	0	0	**20,521**
Total contributions and distributions		**149,121**	**0**	**(11,300)**	**137,821**
Balance at 30 June 2023	8	**1,930,996**	**1,198,712**	**(233,076)**	**2,896,632**

	Contributed capital Budget $000's	Revaluation reserve Budget $000's	Accumulated (deficit) Budget $000's	Total Budget $000's
Balance at 1 July 2022	**1,740,566**	**966,666**	**(234,871)**	**2,472,361**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(32,769)	**(32,769)**
Other comprehensive revenue and expense	0	0	0	**0**
Transfer of revaluation reserve on PPE derecognition	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(32,769)**	**(32,769)**
Owners' transactions				
Capital contribution	82,600	0	0	**82,600**
Dividends paid	0	0	(10,000)	**(10,000)**
Adjustment on derecognition of inventory	(20,573)	0	0	**(20,573)**
Total contributions and distributions	**62,027**	**0**	**(10,000)**	**52,027**
Balance at 30 June 2023	**1,802,593**	**966,666**	**(277,640)**	**2,491,618**

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

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY (CONT'D)
For the year ended 30 June 2023

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

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

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
Cash flows from operating activities				
Receipts from land disposals		0	0	2,329
Sales of shared ownership properties		6,729	15,177	754
Rental income from tenants		21,494	19,138	19,522
Income-related rent subsidies		44,786	48,014	49,885
Other revenue received		85	223	36
Payments to suppliers		(66,439)	(72,295)	(57,630)
Goods and services tax (net)		(5,453)	0	(381)
Dividend received		19	0	0
Net interest received/(paid)		2,496	599	373
Net cash flow from operating activities		**3,717**	**10,856**	**14,515**
Cash flow from investing activities				
Purchase of freehold land and rental properties		(129,363)	(81,719)	(76,237)
Investment in shared ownership properties		58	(4,553)	0
Net cash flow from investing activities		**(129,305)**	**(86,272)**	**(76,237)**
Cash flow from financing activities				
Dividend paid to TRC Parent		(11,300)	(10,000)	(9,250)
Preference share drawdown		128,600	82,600	50,000
Preference share offset		0	(8,449)	0
Net cash flow from financing activities		**117,300**	**64,151**	**41,123**
Net increase/(decrease) in cash and cash equivalents		**(8,288)**	**(11,266)**	**(20,599)**
Cash and cash equivalents at the beginning of the year		47,723	42,358	68,322
Cash and cash equivalents at the end of the year		**39,435**	**31,092**	**47,723**

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

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
RECONCILIATION OF DEFICIT FOR THE YEAR WITH NET OPERATING CASH FLOWS
For the year ended 30 June 2023

	Notes	2023 Actual $000's	2023 Budget $000's	2022 Actual $000's
(Deficit) for the year		**(36,539)**	**(32,769)**	**(19,542)**
Adjustments for:				
Depreciation		36,413	37,296	53,365
(Gain)/Loss on fair value of investment shared ownership properties		927	0	(329)
Reimbursement to purchase land		0	0	(8,175)
Cost of goods sold - SHO		9,433	14,954	0
KO Accrual - build costs		0	(10,120)	0
Revaluation Loss on commercial properties		5,667	0	0
Doubtful debt & bad debt adjustment		37	0	(30)
Loss on disposal		36	0	0
Sale on shared ownership properties & interest		(58)	0	0
Changes in:				
Inventories		(4,371)	0	(7,816)
Trade and other receivables		1,958	8	1,507
Creditors and other payables		(9,786)	1,487	(4,092)
Net cash flow from operating activities		**3,717**	**10,856**	**14,515**

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

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

Tāmaki Regeneration Limited (TRL) is a public benefit entity (PBE) for financial reporting purposes. TRL was incorporated on 11 November 2015 and these financial statements are for the year ended 30 June 2023. They were approved by the Board on 9 October 2023.

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

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

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

The TRC Group comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group's financial statements are presented on pages 36 to 55 of this Annual Report.

TRL is not included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This Annual Report also presents, on pages 90 to 97, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

Basis of preparation

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

Statement of compliance

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

Functional and presentational currency

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

SIGNIFICANT ACCOUNTING POLICIES

Revenue from exchange transactions

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Revenue from exchange transactions (cont'd)

Receipts from land disposals

TRL disposes of land to one off purchasers as well as whanau approved under the TRL shared ownership programme. Receipts are recognised when the risks and rewards are transferred to the purchaser.

Rental income from tenants

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

Revenue from non-exchange transactions

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

Rental income from tenants and income-related rent subsidies

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

Receivables

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

Inventories

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

Property, plant and equipment

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Additions

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. Land and buildings are disposed when a shared home ownership property is purchased by a third party and the control is transferred from TRL. Land is disposed when it is transferred to the developer as part of settlement at the end of the project. Properties are disposed when they are demolished for land developed for new buildings.

Subsequent costs

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

Depreciation

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

Subsequent measurement

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

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

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

Impairment of property, plant and equipment

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

Non-cash-generating assets

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

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

Creditors and other payables

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

Provisions

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

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

Financial instruments

TRL classifies it's investment in shared ownership properties at fair value through surplus or deficit under PBE IFRS 9 *Financial Instruments* on the basis that they do not constitute solely payments of principal and interest. Shared ownership properties are purchased from TRL with TRL retaining a portion of equity interest in the property until 100% has been paid by the third party.

The timing of the repayments from the shared home owner or whānau is dependent on the whānau's household savings or their ability to refinance their mortgage. TRL classifies all other financial assets and liabilities at amortised cost under PBE IFRS 9 *Financial Instruments* on the basis that these financial instruments are non-derivative and constitute solely payments of principal and interest and the asset (or liability) are held to collect (or settle via) cash flows.

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

Goods and services tax
All items in the 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 IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed inclusive of GST.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:
- accumulated surplus/(deficit); and
- revaluation reserve; and
- preference shares.

Budget
The budget figures are derived from the statement of performance expectations as approved by the Board on 29 June 2022. The budget figures were prepared in accordance with NZ GAAP.

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

Estimating fair value, useful lives and residual values of property, plant, and equipment
At each balance date, the fair values, useful lives and residual values of property, plant, and equipment are reviewed. The most recent valuation of freehold land and rental properties was performed by an independent registered valuer, Quotable Value Limited. The valuation is effective as at 30 June 2023. Fair value, using market-based evidence, is based on the highest and best use of the freehold land and rental properties, with reference to comparative sales values. There are no restrictions on the ability of TRL to sell freehold land and rental properties which would impair its value. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRL, and expected disposal proceeds from the future sale of the asset.

Derecognition of freehold land
At each balance date, the value of land is estimated to be derecognised through preference shares with the final value determined at completion of the project. At 30 June 2023 there was an increased amount of shared ownership properties which were not subject to derecognition. For further details, see note 8.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Accounting standards adopted during the period
PBE IPSAS 41 Financial Instruments
The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. There are no significant changes as the requirements are similar to PBE IFRS 9.

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

PBE FRS 48 Service Performance Reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1. It is effective for reporting periods beginning on or after 1 January 2021 and therefore TRC Group have adopted the standard during the year. TRC Group has assessed that there is no material impact of the new accounting standard on its financial statements.

Accounting standards issued but not yet effective
For standards issued that have not yet commenced to apply, these standards are not expected to have a material impact on the financial statements.

2. RENTAL INCOME

	2023 Actual $000's	2022 Actual $000's
Income-related rent subsidies	46,079	47,941
Residential Rental income from tenants	22,264	19,873
Total rental revenue	**68,343**	**67,814**

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

TRL pays THALP a management fee expense for the provision of tenancy and property management services, which is included in the Statement of Comprehensive Revenue and Expense. In the current year, this management fee expense was $7.4m (2022: $5.7m).

3. OTHER EXPENSES

	2023 Actual $000's	2022 Actual $000's
Fee paid to EY for audit of 2022/23 financial statements	179	116
Fee paid to Audit New Zealand for audit of 2021/22 financial statements	28	12
IT support and licence fees	27	26
Bad and doubtful debts	68	122
Power for communal areas in public housing	46	69
Recruitment and training	0	5
Other	1,381	270
Total other expenses	**1,730**	**620**

4. TRADE AND OTHER RECEIVABLES

	2023 Actual $000's	2022 Actual $000's
Trade receivables	17,044	24,188
Receivable from THALP* (non-exchange)	3,871	60
Payment advanced to TRC Parent* (non-exchange)	15,804	11,192
Income related rental receivable (non-exchange)	0	1,685
Receivable from tenants (non-exchange)	573	433
Prepayments (exchange)	4,349	1,121
GST receivable (exchange)	0	204
Trade and other receivables at face value	**41,641**	**38,883**
Less: allowance for credit losses	(137)	(100)
Total trade and other receivables	**41,504**	**38,783**

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

5. INVENTORIES

	2023 Actual $000's	2022 Actual $000's
Balance at 1 July	56,864	21,529
Inventory Additions	4,370	6,913
Transfers from/(to) property, plant and equipment	28,240	44,612
Inventory Disposals	(17,192)	(28,711)
Recognition/(Derecognition) of freehold land through preference shares*	28,280	12,521
Balance at 30 June	**100,561**	**56,864**

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

6. PROPERTY, PLANT AND EQUIPMENT

	Commercial Properties Actual $000's	Capital work in progress Actual $000's	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Cost					
Balance at 30 June 2021	5,700	26,112	2,027,014	402,623	**2,461,448**
Balance at 30 June 2022	23,491	32,109	2,652,100	401,181	**3,108,881**
Additions during the year	7,712	16,717	55,880	31,481	**111,789**
Revaluations during the year	1,584	0	(422,615)	(22,072)	**(443,103)**
Disposals during the year	0	0	0	(8,122)	**(8,122)**
Transfer within PPE	5,596	0	(13,380)	1,150	**(6,634)**
Transfers from/(to) inventories during the year	0	(9,891)	(11,714)	0	**(21,605)**
Balance at 30 June 2023	**38,382**	**38,935**	**2,260,271**	**403,617**	**2,741,205**
Accumulated depreciation					
Balance at 30 June 2021	0	0	0	0	**0**
Balance at 30 June 2022	0	0	0	(8,335)	**(8,335)**
Depreciation charge for the year	(1,869)	0	0	(34,544)	**(36,413)**
Disposals during the year	0	0	0	8,086	**8,086**
Revaluations during the year	1,869	0	0	34,793	**36,662**
Balance at 30 June 2023	0	**0**	**0**	**0**	**0**
Carrying amounts					
Balance at 30 June 2021	5,700	26,113	2,027,017	402,618	**2,461,448**
Balance at 30 June 2022	23,491	32,109	2,652,100	392,845	**3,100,546**
Balance at 30 June 2023	**38,382**	**38,935**	**2,260,271**	**403,617**	**2,741,205**

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

Investments in joint operations

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

We have classified the arrangement as a joint operation based on the fact that the parties have joint control in the agreement and that there is a binding agreement between the parties which requires unanimous consent over relevant activities to the arrangement. TRL's interest in the joint operation is accounted for in accordance with paragraphs 23 and 24 of PBE IPSAS 37 which require assets, liabilities, revenues and expenses relating to TRL's interest to be recognized. The parties have agreed to share the income and expenses equally for the first 5 years until the equity of Ngāi Tai Ki Tāmaki has reached 25%. Any capital gains will be split 75% to Ngāi Tai Ki Tāmaki and 25% to TRL until the participating interest of Ngāi Tai Ki Tāmaki has reached 25%. After the revaluation the participating interests are TRC 74.04% and Ngāi Tai Ki Tāmaki 25.96% (2022: 86.28% and 13.72% respectively). The participating interest of Ngāi Tai Ki Tāmaki has reached 25% at YE23. The risks to TRL are changes in land values and any default in rental payments.

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

	2023 Actual $000's	2022 Actual $000's
Assets	3,053	2,852
Liabilities	2	0

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

	2023 Actual $000's	2022 Actual $000's
Revenue	80	80
Expenses	5	0

7. CREDITORS AND OTHER PAYABLES

	2023 Actual $000's	2022 Actual $000's
Creditors	2,088	19,241
Accrued expenses	21,855	31,263
Payable to TRC Parent*	33	24
Payable to THALP*	41	118
GST payable	0	0
Revenue in advance	6,095	224
Total creditors and other payables	**30,112**	**50,870**

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

8. EQUITY

Ordinary shares

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

Preference shares

An original tranche of preference shares, valued at $1 per share and held by the Crown, were issued in 2016 upon incorporation of TRL, in exchange for property, plant and equipment, inventories and trade and other receivables previously held by Kāinga Ora. The Crown approved $300m equity funding as part of the 2018 Budget estimates which was drawn down as cash in tranches in exchange for further preference shares in TRL. The last of that round of equity funding was drawn down in January 2023, with a corresponding issue of new preference shares. In 2023 the Government approved an additional $870m in equity funding to cover TRL's approved activities over the next 4 years. TRL will be drawing down $147m in FY24 and expects to issue a corresponding number of new $1 preference shares as it completes the draw downs. (2022: 50m shares)

Return of preference shares due to Umbrella Agreement with Kāinga Ora

A large portion of the preference shares that were issued in 2016 were in exchange of freehold land. Following the execution of the Umbrella Agreement with Kāinga Ora in March 2019, which resulted in Kāinga Ora becoming TRL's development partner for the redevelopment of TRL's freehold land into new properties, TRL passes the risks and rewards of the freehold land to Kāinga Ora for each development project via issuance of a Licence to Occupy to Kāinga Ora for nil accounting consideration. As the value of the land has been transferred to an entity owned by the same shareholder, the value has been treated as a return to the shareholder with the value of the issued preference shares being reduced by the corresponding value. Any gains on revaluation since the freehold land was received in 2016 is transferred directly to retained earnings. The below table shows the revaluation of land transferred to Kāinga Ora in the past 2 financial years.

Subscription agreement between Crown and TRL

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

Accounting treatment of preference shares

There is no obligation to deliver cash or other financial asset to the shareholder. Hence the definition of a financial liability in PBE IPSAS 28 is not met and the preference shares should be treated as a class of equity. Until the preference shares are repurchased, or returned, or the equity distributed, the value will remain at that assigned to it on the date of the transfer of the assets. The Crown has the option to redeem the preference shares which reflects the current financial reporting treatment whereby Crown controls TRL.

8. EQUITY (CONT'D)

Revaluation Reserve

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

	Commercial Properties Actual $000's	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Revaluation reserve as at 1 July 2021	0	830,790	157,561	**988,351**
Gain/(loss) on revaluation for the year	3,445	643,755	5,591	**652,791**
Transfers to Accumulated surplus/(deficit) on disposal of PPE	0	(25,405)	(3,970)	**(29,375)**
Revaluation reserve as at 1 July 2022	**3,445**	**1,449,141**	**159,182**	**1,611,768**
Gain/(loss) on revaluation for the year	3,559	(422,615)	18,281	**(400,775)**
Transfers to Accumulated surplus/(deficit) on disposal of PPE	0	0	(12,281)	**(12,281)**
Revaluation Reserve 30 June 2023	**7,004**	**1,026,526**	**165,182**	**1,198,712**

Capital management

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

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

9. COMMITMENTS

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

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

	2023 Actual $000's	2022 Actual $000's
Not later than one year	59,059	116,001
Later than one year not later than five years	1,957	18,702
Later than five years	0	0
Total capital commitments	**61,016**	**134,703**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES

	2023 Actual $000's	2022 Actual $000's
Balance at 1 July 2022	3,590	4,015
Additional shared ownership investments made	2,552	0
Year end adjustment to market value	196	138
Present value of TRL's foregone share of net rentals	(1,150)	20
Buy out of shared ownership investment	(356)	(583)
Balance at 30 June 2023	**4,832**	**3,590**

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

Background on the shared ownership programme (SHO)

TRL operates a shared ownership programme (SHO) which is aimed at increasing home ownership levels across Tāmaki. The SHO programme prioritises whānau with a connection to Tāmaki by living, working or having whakapapa to the area, with a priority focus on Māori and Pasifika. The SHO programme targets whānau with household income from $85,000 to $130,000. There is also a pathway for multi-generational whānau with a gross household income up to $205,000. Multi-generational households are defined as 3 or more generations or 2 generations with multiple related family units living together. Under the programme, whānau are able to buy a proportion of the purchase price, around 70%, which is usually the amount they can afford. This is made up of a deposit and mortgage from one of our SHO partner banks. TRL assists the purchase by holding the remaining proportion as patient capital until whānau buy out TRL's share in the property over a maximum period of 15 years. The whānau may elect to make early repayments of TRL's share without penalty and may purchase TRL's entire share at any stage during the 15 year term. TRL's share is revalued at the time of repayment. There is no interest payable on TRL's share. This allows the whānau to progress into full home ownership where they would otherwise have not been able to purchase 100% of the property.

TRL realises their investment in the SHO home at market value at the time of the purchase. At year end TRL's share of the houses is revalued and a provision is allocated for foregone rent due to the property being only partially owned and as a result cannot generate rental income.

TRL obtained approval from the Associate Minister of Housing (Public Housing) in August 2020 to expand the shared ownership programmme to 1,500 homes over the next 20 years. This approval also includes 500 rent to buy homes. Rent to buy allows the whānau to tenant the property from TRL for up to 5 years until they are ready to progress into shared ownership. The income and eligibility criteria are the same as the SHO programme. The rent to buy programme allows whānau to obtain a 50% share of the capital gain in the property over the rental period. TRL charges subsidised rent capped at either 30% of the whānau's gross household income or 80% of the market rental value for that property. In addition, whānau are required to complete a financial capability programme prior to transitioning into shared ownership. This allows whānau to pay down their debt and save towards a deposit. As at balance date, 4 whānau have entered into an agreement to purchase a dwelling under the rent to buy programme.

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

Fair value of investment in shared ownership properties

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

	2023 Actual $000's	2022 Actual $000's
Market value of shared ownership properties ($000's)	23,417	16,433
TRL weighted percentage share in the properties (%)	30%	29%
Proportionate value of TRL's investment ($000's)	7,050	4,724
Present value of TRL's foregone share of net rentals ($000's)	(2,218)	(1,134)
Fair value of shared ownership properties ($000's)	**4,832**	**3,590**

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

Key assumptions used in fair value calculation

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

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

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

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

Sensitivity analysis

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

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

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

11. CONTINGENCIES

There were no contingent assets or contingent liabilities as at 30 June 2023 (2022: nil)

12. RELATED PARTY TRANSACTIONS

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

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

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

Kāinga Ora and TRL are both Crown entities and hence Kāinga Ora and TRL are related parties. The issuance of all Licences to Occupy (LTOs) by TRL to Kāinga Ora in accordance with the Umbrella Agreement between both parties are not arm's length transactions. TRL issued LTOs to Kāinga Ora to the value of $107.2m for nil accounting consideration in 2023 (2022: $55.3m). This constituted an equity transfer to the Crown for the value of the original preference shares issued in 2016 in exchange for Kāinga Ora property, plant and equipment.

	2023 Actual $000's	2022 Actual $000's
Management fee expense paid to THALP	7,354	5,723
Management fee expense paid to TRC	6,275	5,157

Key management personnel compensation

	2023 Actual	2022 Actual
Leadership Team		
Remuneration ($000's)	878	682
Full-time equivalent members	2.87	2.34

TRL has no employees. The activities of TRL are conducted by employees of TRC Parent, the cost of which is on charged to TRL via a management fee. Included in the key management personnel remuneration and full-time equivalent members disclosures above are an allocation of TRC Parent key management personnel who are involved in the management of TRL. No close family members of TRC Parent key management personnel are employed by TRL or TRC Parent. There are no loans made to key management personnel of TRC Parent or close family members. (2022: nil).

13. BOARD MEMBER REMUNERATION

There was no remuneration paid to the Board of TRL during the year. The governance of TRL was conducted via the Board of TRC Parent (henceforth 'Board'), whose remuneration is outlined in its financial statements. There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. TRC Parent has provided a deed of indemnity to its directors during the financial year. TRC Parent has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year which covers the directors of the Board in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation (2022: nil).

14. EMPLOYEE REMUNERATION

TRL had no employees during the year as all TRL activities were conducted by employees of TRC Parent. Employees that were dedicated to TRL activities and employees that were partially assigned were on charged via management fee. In the current financial year, $4,738k of the total management fee expense shown in surplus or deficit related to TRC personnel costs (2022: $4,246k). TRL paid no employees more than $100,000 remuneration during the year and no employees received compensation or other benefits in relation to cessation (2022: nil).

15. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

16. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2023 Actual $000's	2022 Actual $000's
Financial assets measured at amortised cost		
Cash and cash equivalents	39,435	47,723
Trade and other debtors	41,504	38,783
Total financial assets measured at amortised cost	**80,939**	**86,506**
Financial assets measured at fair value		
Investment in shared ownership properties	4,832	3,590
Total financial assets measured at fair value via surplus and deficit	**4,832**	**3,590**
Financial liabilities measured at amortised cost		
Creditors and other payables	30,112	50,870
Total financial liabilities measured at amortised cost	**30,112**	**50,870**

16. FINANCIAL INSTRUMENTS (CONT'D)

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

(a) Interest rate risk

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

(b) Foreign currency risk

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

(c) Credit risk

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

Shared ownership

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

Risk management

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

Concentration of risk

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

Security

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

16. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit risk (cont'd)

Impairment

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

Credit quality of financial assets

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

	2023 Actual $000's	2022 Actual $000's
Counterparties with credit rating		
Cash at Bank		
AA-	39,435	47,723
Total cash at bank	**39,435**	**47,723**
Counterparties without credit rating		
Counterparty with no defaults in the past	41,504	38,783
Counterparty with defaults in the past	0	0
Total receivables	**41,504**	**38,783**

(d) Liquidity Risk

Liquidity risk is the risk that TRL may encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The Government announced a $870m crown preference share arrangement at Budget 2023 which provides funds within 60 days which is managed prudently by continuously monitoring forecast and actual cash flow requirements. TRL will be drawing down $147m in FY24 (FY23 128.6m) . Currently TRL has significant cash reserves so liquidity risk is minimised. However, in future as this preference share facility is used up, bank financing will be used for short term funding to ensure liquidity is maintained. At balance date all of the contractual maturities (undiscounted cash flow) of TRL's financial liabilities are due within 5 years.

Contractual maturity analysis of financial liabilities

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

	Carrying amount $000's	Contractual cash flow $000's	Less than 6 months $000's	6 to 12 months $000's	More than a year $000's
2023					
Creditors and other payables	30,112	30,112	29,479	0	633
Total	**30,112**	**30,112**	**29,479**	**0**	**633**
2022					
Creditors and other payables	50,870	50,870	50,870	0	0
Total	**50,870**	**50,870**	**50,870**	**0**	**0**

16. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market Risk

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

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

17. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Total comprehensive revenue and expense was $404.5m less than budgeted for FY23. The biggest component of the variance is revaluation freehold land and rental properties. TRL has two key revenue streams being 1) rental revenue from the state housing portfolio and 2) sales of shared ownership properties. The increase in rental revenue of $1.2m compared to budget reflects MSD inflation was higher than budget and the mix of houses (number of bedrooms) differed to what was budgeted. There were less sales of shared ownership properties in FY23 than budgeted which has resulted in a $6.3m unfavourable variance.

Depreciation is -$883k lower than budget due to less houses depreciated to zero following an LTO. Repairs and maintenance was $932k higher than budget mainly due to additional reactive maintenance following tenant requests post covid. Utilities and Insurance expense was $909k higher than budget due to an increase in insurance premiums and Council rates inflation higher than budget.

Statement of financial position

Total current assets is lower than budget mainly due to the slower than anticipated development of new build properties, as a result of this there is a positive variance in cash and cash equivalents.

Property, plant and equipment (PPE) is higher than budget due to the FY23 budget being set prior to the FY22 increase in valuation ($472m). There has been an increase in the cost of materials. There are less market houses included in the current projects than budgeted. There is a timing difference with less progress payments being made than budgeted.

Creditor and other payables were $23.3m higher than budget mainly due to service fees payable to Kāinga Ora which were outstanding at balance date.

There is an increase in equity of $405m over budget, this is predominantly caused by the difference in the revaluation reserve in FY22 being $623m less the revaluation in FY23 of $413m which was not reflected in either year's budget as the budget was set prior to the revaluation. There was also a larger drawdown than budget.

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

Statement of cash flows

Net cash flows from operating activities are $7.1m under budget mainly due to $8.4m less sales in shared ownership properties than budgeted. Interest received was $1.9m higher than budgeted given interest rates higher than budgeted, and the dividend paid to TRC parent company was $1.3m higher than budgeted.

Net cash flow from investing activities is $43.0m lower than budget mainly due to timing differences on payment to purchase freehold land.

Net cash flows from financing activities are $55m higher than budget because actual preference share drawdown was $128.6m during the year versus $82.6m budgeted.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TAMAKI REGENERATION LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Tāmaki Regeneration Limited (the Company). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 61 to 86, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 9 to 27.

In our opinion:

- the financial statements of the Company on pages 61 to 86:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the performance information on pages 9 to 27:
  - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2023, including for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 16 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

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

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

The Annual Report also includes other information**.** The Board is responsible for the other information. The other information comprises the information included on pages 1 to 8, 28 to 60 and 87 to 97 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Emma Winsloe

Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
Aggregated TRC Group and TRL Financial Statements
For the year ended 30 June 2023

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TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2023

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

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

Signed on behalf of the Board:

Director
9 October 2023

Director
9 October 2023

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (UNAUDITED)
For the year ended 30 June 2023

	2023 Actual Unaudited $000's	2023 Budget Unaudited $000's	2022 Actual Unaudited $000's
Revenue			
Receipts from land disposals	0	0	7,734
Sales of shared ownership properties	8,899	15,177	0
Income-related rent subsidies	46,079	48,014	47,941
Rental income from tenants	22,264	19,130	19,873
Recoveries from property damage	42	0	19
Other income	489	327	8,274
Total revenue	**77,773**	**82,647**	**83,841**
Expenditure			
Personnel costs	13,724	15,112	13,665
Consultants and professional fees	4,440	4,943	4,415
Contractors and temporary staff	116	342	51
Directors fees	253	313	237
Legal expenses	98	118	57
Cost of land disposed	9,433	14,954	0
Repairs and maintenance	35,172	34,134	25,985
Utilities and insurance	13,234	12,363	11,883
Other expenses	6,506	5,754	5,440
Total expenditure	**82,976**	**88,034**	**61,734**
EBITDAF*	**(5,203)**	**(5,386)**	**22,107**
Depreciation and amortisation expense	36,493	37,370	53,472
(Gain)/loss on fair value on shared ownership properties	869	0	(329)
(Gain)/loss on fair value on commercial properties	106	0	(329)
(Gain)/Loss on revaluation on rental properties	5,560	0	0
Total fair value adjustments	6,535	0	(329)
Total depreciation, amortisation and fair value adjustments	**43,028**	**37,370**	**53,143**
EBIT	**(48,231)**	**(42,756)**	**(31,036)**
Interest income	2,702	599	385
Net interest income	**2,702**	**599**	**385**
(Deficit) before tax	**(45,529)**	**(42,158)**	**(30,651)**
(Deficit) for the year	**(45,529)**	**(42,158)**	**(30,651)**
Other comprehensive revenue and expense			
Gain/(Loss) on revaluation of freehold land	(422,615)	0	643,755
Gain/(Loss) on revaluation of commercial properties	3,559	0	3,445
Gain/(Loss) on revaluation of rental properties	18,281	0	5,591
Total other comprehensive revenue and expense	**(400,775)**	**0**	**652,791**
Total comprehensive revenue and expense	**(446,304)**	**(42,158)**	**622,222**

The accompanying note forms part of these financial statements.

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

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2023

	2023 Actual Unaudited $000's	2023 Budget Unaudited $000's	2022 Actual Unaudited $000's
Assets			
Current assets			
Cash and cash equivalents	45,530	37,194	51,031
Trade and other receivables	30,097	16,835	27,567
Inventories	100,561	174,456	56,863
Total current assets	**176,188**	**228,486**	**135,461**
Non-current assets			
Investment in shared ownership properties	4,832	7,752	3,590
Property, plant and equipment	2,741,380	2,269,396	3,100,814
Intangible assets	0	(12)	0
Total non-current assets	**2,746,212**	**2,277,136**	**3,104,404**
Total assets	**2,922,400**	**2,505,622**	**3,239,865**
Liabilities			
Current liabilities			
Creditors and other payables	32,324	22,277	52,743
Annual leave liability	824	903	971
Total current liabilities	**33,148**	**23,180**	**53,714**
Non-current liabilities			
Deferred GST	793	0	510
Total non-current liabilities	**793**	**0**	**510**
Total liabilities	**33,941**	**23,180**	**54,224**
Net assets	**2,888,459**	**2,482,442**	**3,185,641**
Equity			
Ordinary shares - Crown	5,000	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500	3,500
Preference shares - Crown	1,930,996	1,802,593	1,781,875
Revaluation reserve	1,198,712	966,666	1,611,768
Accumulated (deficit)	(249,749)	(295,316)	(216,502)
Total equity	**2,888,459**	**2,482,442**	**3,185,641**

The accompanying note forms part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 9 October 2023.

Director
9 October 2023

Director
9 October 2023

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2023

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2022	**1,790,375**	**1,611,768**	**(216,502)**	**3,185,641**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(45,529)	**(45,529)**
Other comprehensive revenue and expense	0	(400,775)	0	**(400,775)**
Reversal of revaluation reserve on PPE derecognition	0	(12,281)	12,281	**0**
Total comprehensive revenue and expense	**0**	**(413,056)**	**(33,248)**	**(446,303)**
Owners' transactions				
Capital contribution	128,600	0	0	**128,600**
Adjustment on derecognition of inventory	20,521	0	0	**20,521**
Total contributions and distributions	**149,121**	**0**	**0**	**149,121**
Balance at 30 June 2023	**1,939,496**	**1,198,712**	**(249,749)**	**2,888,459**
	Budget Unaudited $000's	**Budget Unaudited $000's**	**Budget Unaudited $000's**	**Budget Unaudited $000's**
Balance at 1 July 2022	**1,749,066**	**966,666**	**(253,158)**	**2,462,573**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(42,158)	**(42,158)**
Other comprehensive revenue and expense	0	0	0	**0**
Transfer of revaluation reserve on PPE derecognition	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(42,158)**	**(42,158)**
Owners' transactions				
Capital contribution	82,600	0	0	**82,600**
Adjustment on derecognition of inventory	(20,573)	0	0	**(20,573)**
Total contributions and distributions	**62,027**	**0**	**0**	**62,027**
Balance at 30 June 2023	**1,811,093**	**966,666**	**(295,316)**	**2,482,442**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONT'D)
For the year ended 30 June 2023

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2021	**1,749,843**	**988,351**	**(215,226)**	**2,522,968**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(30,651)	**(30,651)**
Other comprehensive revenue and expense	0	652,791	0	**652,791**
Reversal of revaluation reserve on PPE	0	(29,375)	29,375	**0**
Total comprehensive revenue and expense	**0**	**623,416**	**(1,276)**	**622,140**
Owners' transactions				
Capital contribution	50,000	0	0	**50,000**
Return of value to the Crown	(9,468)	0	0	**(9,468)**
Total contributions and distributions	**40,532**	**0**	**0**	**40,532**
Balance at 30 June 2022	**1,790,375**	**1,611,768**	**(216,502)**	**3,185,641**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CASH FLOWS (UNAUDITED)
For the year ended 30 June 2023

	2023 Actual Unaudited $000's	2023 Budget Unaudited $000's	2022 Actual Unaudited $000's
Cash flows from operating activities			
Land receipts payable to Kāinga Ora	0	0	0
Receipts from land disposals	0	0	2,329
Sales of shared ownership properties	6,729	15,177	754
Rental income from tenants	21,494	19,138	19,522
Income-related rental subsidies	44,786	48,014	49,885
Other revenue received	256	327	38
Net interest received/(paid)	2,702	599	385
Dividend received	19	0	0
Payments to suppliers	(61,096)	(67,090)	(56,695)
Payments to employees	(14,224)	(15,112)	(12,571)
Goods and services tax (net)	(5,439)	0	(215)
Net cash flow from operating activities	**(4,773)**	**1,052**	**3,432**
Cash flow from investing activities			
Purchase of property, plant and equipment	(129,386)	(81,916)	(76,315)
Investment in shared ownership properties	58	(4,553)	0
Purchase of intangible assets	0	0	0
Net cash flow from investing activities	**(129,328)**	**(86,469)**	**(76,315)**
Cash flow from financing activities			
Preference share offset	0	(8,449)	0
Preference share drawdown	128,600	82,600	50,000
Net cash flow from financing activities	**128,600**	**74,151**	**50,000**
Net (decrease)/increase in cash and cash equivalents	**(5,501)**	**(11,266)**	**(22,883)**
Cash and cash equivalents at the beginning of the year	51,031	48,460	73,914
Cash and cash equivalents at the end of the year	**45,530**	**37,194**	**51,031**

The accompanying note forms part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
These financial statements are for the Tāmaki Redevelopment Company Legal Group (TRC Legal Group) which comprises of:
• Tāmaki Regeneration Limited (TRL); and
• Tāmaki Redevelopment Company Limited Group (TRC Group) which further comprises of the parent Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

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

Basis of preparation
The financial statements of the TRC Legal Group are a non-GAAP aggregated set of financial statements. TRC Group consists of TRC Parent, THALP and THAGP. As TRC Parent controls THALP and THAGP it is required by NZ GAAP to consolidate THALP and THAGP into the TRC Group. The Directors of TRC Parent note that while TRC Parent holds 100% of the ordinary shares of TRL, the Crown holds 100% of the preference shares in TRL. The rights and obligations attached to the preference shares result in the Crown having control of TRL, meaning that it inconsistent with NZ GAAP to consolidate TRL into TRC Group. The Directors of TRC Parent wish to present a view of the financial position of TRC Legal Group and its results for the year ended 30 June 2023 in one set of financial statements. Such a presentation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

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

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

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

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

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

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