Tāmaki Redevelopment Company Limited

Annual Report 2021

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TĀMAKI

PURPOSE OF 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") 2018-2022 ("FY19-FY22[2]") and Statement of Performance Expectations ("SPE") 2020-2021 ("FY21"), 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 FY21 SPE only, and non-financial-reporting against performance measures and progress indicators contained in both the FY21 SPE and FY19-FY22 SOI.

In providing a consolidated account of our activities and expenditure in FY21, 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.

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[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 2020 and concluded on 30 June 2021 is referred to as FY21). Q1 within each FY is the September quarter, running from 1 July to 30 September of the financial reporting period, Q2 is the December quarter, running from 1 October to 31 December, Q3 is the March quarter, running from 1 January to 31 March, and Q4 is the June quarter, running from 1 April to 30 June.

ABOUT TĀMAKI REDEVELOPMENT COMPANY LIMITED

The Tāmaki Regeneration Company (TRC)[3] works alongside the community and our partners, shaping the future of Tāmaki through an urban regeneration programme that is unique to Aotearoa. Together, we are enhancing a community, where whenua and whānau can thrive in a place that is vibrant and connected.

The regeneration programme embraces the diverse communities and heart of Tāmaki to reimagine three eastern Auckland suburbs: Glen Innes, Panmure, and Point England. The existing communities of Tāmaki are made up of approximately 20,000 residents and is young and ethnically diverse, with around 35% of residents aged under 25 and approximately 60% of the population identifying as Māori 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.

The regeneration programme has broad social and economic goals for the people of Tāmaki. 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 achieving equity and changing the system to enable Tāmaki people to reach their aspirations.

Our aim is for Tāmaki to be a living exemplar of Te Tiriti o Waitangi, where all people prosper, especially Māori and Pasifika whānau. With strong and inclusive communities, people will feel connected to opportunities to enable rangatahi and their 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 new, warm, and dry public homes, alongside affordable, KiwiBuild, and private market homes for Tāmaki whānau. In the coming years, we will be delivering increasing numbers of innovative Tāmaki-specific affordable housing products that will enable Māori and Pasifika whānau to move across the housing continuum and into home ownership.

At this point in our journey, we have delivered more than 880 houses through the programme since FY14. We have also started driving improvements to local infrastructure and amenities which are continually enhancing the social cohesion and vibrancy of the community. We work in partnership with Kāinga Ora, who are responsible for the delivery of quality new homes for Tāmaki residents, and we will continue to support their efforts by ensuring our redeveloped homes and neighbourhoods enable the broader regeneration aspirations of Tāmaki whānau and the Crown.

SUPPORTING THE COMMUNITY

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

In parallel with this we continue to work closely with our partners across the public sector and in the community to support and embrace Mana Whenua as the kaitiaki of Tāmaki. We also continue to share our

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

mahi and kaupapa with our partners which helps 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 enable the diverse community groups of Tāmaki, by taking decisive, practical, and compassionate action to ensure the people and businesses of Tāmaki thrive. This includes the acceleration of delivery in programme areas that will have a direct impact on business and employment outcomes locally, such as the planned maintenance and housing redevelopment programmes, and continuing to deliver business support services for local businesses. We will continue to provide a range of enabling and wellbeing services to support local people, including the Whānau by Whānau service and the Tāmaki Jobs and Skills Hub.

OPERATING ENVIRONMENT

HOW WE SUPPORT THE COMMUNITY
Through: funding; advice; technical expertise; partnerships; leadership; governance; service design; training; advocacy; communications and outreach

TRC is the asset, property, and tenancy manager for all public housing in Tāmaki and continues to hold overall responsibility for the regeneration of Tāmaki. Te Tūāpapa Kura Kāinga - the Ministry of Housing and Urban Development (MHUD) and Auckland Council serve as our monitoring agencies. Kāinga Ora is the master developer for Tāmaki. We work alongside central and local government partners to deliver new, warm dry homes and in addition exemplar regeneration neighbourhoods, through the provision of excellent social infrastructure and efficient transport connections, that will support Tāmaki's growing population.

To address the infrastructure requirements in Tāmaki, during FY21 the first $36 million from the Shovel-Ready Fund (from Crown to Kāinga Ora to implement), was allocated across five different infrastructure projects in Tāmaki. Kāinga Ora and its alliance partner Piritahi are delivering these shovel-ready projects on behalf of Auckland Council. TRC is also awaiting confirmation of the Crown Infrastructure Fund (the Crown fund allocated to Auckland) allocation for Tāmaki. A business case was prepared by Kāinga Ora for the Ministry of Housing and Urban Development (MHUD) to illustrate the infrastructure funding gap in Tāmaki. The housing delivery programme will be able to increase substantially with two injections of infrastructure funding.

The last year has been a time of huge uncertainty with the world feeling the effects of the COVID-19 global pandemic. While the economic downturn here in Aotearoa has been less severe than originally anticipated, there have been changes to the ways in which we work. We are continually having to be flexible and adjust quickly to new community needs. The importance of our close partnerships with Mana Whenua, community leaders and Government in Tāmaki has been highlighted during these difficult times.

FUTURE VISION

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

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

- Enhance 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, while holding steadfast in the cultural essence and heart of Tāmaki by:

- Developing exemplar regeneration neighbourhoods that deliver better housing, infrastructure, open space, and social and community amenities, which demonstrate the best in urban design thinking and adhere to the urban design framework set out in the Tāmaki Precinct Masterplan[4].
- 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[5] (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, and supporting public housing whānau through the rehousing process, maintaining a compassionate and flexible approach through this process.
- Supporting Kāinga Ora (as the Tāmaki master developer) and our build partners to develop, design, and deliver innovative housing products across the housing continuum, including new public homes, shared home ownership homes and the continued delivery of our affordable rental pilot, supporting Māori and Pasifika whānau to move across the housing continuum.
- Delivering our Whānau by Whānau service to support whānau to achieve the oranga, working at both an individual whānau level and a systemic level to tackle the barriers that drive inequity across Tāmaki.
- Continuing to support Māori and Pasifika whānau into education and employment opportunities through the Tāmaki Jobs and Skills Hub, with an increasing focus on enabling a construction-ready workforce locally.
- Implementing the Tāmaki Education Change Plan, with our partners, which is owned and delivered by rangatahi, who will ensure that the wellbeing services match the need among Tāmaki whānau and learners.
- Partnering with Mana Whenua, the communities of Tāmaki, and service providers to incrementally design and deliver a wellbeing hub where whānau can access a broad range of services (social, economic, health, emotional, and education) and where activities feel integrated and seamlessly connected to support their wellbeing aspirations.

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

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

- Advocating for the acceleration of infrastructure delivery where this will support local economic development and business growth, specifically within the Glen Innes town centre and the Tāmaki employment precinct[6].
- Partnering with Auckland Unlimited to pilot a Tāmaki innovation hub, to act as the centre of innovation and entrepreneurship.
- Continuing to implement the Glen Innes Town Centre Revitalisation Plan with our partners, with the Line Road Building that we acquired in FY21 opening this year, bringing new commercial uses into the town centre.

We will continue to assist the Crown with community regeneration across Aotearoa by bringing our latest learnings and kaupapa. Specifically, we continue to support MHUD and Kāinga Ora to implement the Government's housing and urban development programme, sharing with them our regeneration expertise and enabling the Crown to deliver better wellbeing outcomes for other communities.

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

REGENERATION PROGRAMME HIGHLIGHTS

This year's highlights span all aspects of the regeneration programme and include:

- **Homes** - TRC has delivered 884 new, dry, and warm homes since FY14, with 152 homes delivered in FY21. This includes 64 new healthy public homes and 18 affordable homes, including 13 TRC shared home ownership homes.
- **Progressive Home Ownership** – in September 2020, the Associate Minister of Housing, Hon. Kris Faafoi confirmed an expansion of our affordable home ownership programme to build an additional 1500 shared ownership homes. This will help more Tāmaki whānau, and especially Māori and Pasifika whānau, buy their own home.
  - **Affordable Housing Programme** – 92 local whānau have moved along the housing continuum into an affordable housing product, since the beginning of the Tāmaki Affordable Housing programme in FY16. This includes 20 whānau this year. We recently celebrated the first whānau achieving 100% ownership of their shared ownership home.
  - **Housing Independence** – through our shared home ownership workshops we help support local whānau to get ready to buy a home, and 154 local whānau stand ready to progress along the continuum within the next 12 months.
- **Jobs** – the Jobs and Skills Hub has helped 964 people into employment since October 2013, with 186 people helped into a job in this financial year, against our target of 100. In addition, 110 drivers' licenses have been obtained this financial year, with a total of 599 licenses obtained since 2013.
- **Tenancy Management** – Tāmaki Housing responded to 99% of all urgent health and safety queries within 4 hours, against a target of 90%.
- **Tāmaki Housing Maintenance** – we are on track to complete all our Healthy Homes upgrades by the end of September 2022, with 1,000 homes of our 2,600 public homes now compliant with the Healthy Homes' standards.
- **Tāmaki Commitment** – we have rehoused more than 300 whānau since 1 April 2016, always authentically upholding our commitment that those who wish to stay in Tāmaki will have the opportunity to do so.
- **Intensive Support Service** – Whānau by Whānau – in response to COVID-19, TRC accelerated elements of the Whānau by Whānau service to provide support to whānau in Tāmaki experiencing food insecurity and delivered over 1,500 kai parcels, and 12,500 face masks during the financial year.
- **Tāmaki Education Change Plan** – this year, the Ministry of Education confirmed the first major investment into the education infrastructure ($70 million for Tāmaki Primary School and Sommerville Special School), and the inclusion of a long-term infrastructure investment plan for Tāmaki in the Ministry of Education Auckland Area Growth Plan.
- **Kererū Kidney Centre –** we are working in partnership with ADHB to build a quality local renal facility to cater for the high instances of renal failure and diabetes within the Tāmaki area. After a blessing and an official ceremony, it had planned to open to dialysis patients on 23 August 2021, but due to Covid-19 Delta variant Lockdown, this has been delayed.
- **Regeneration Support** – we are supporting Kāinga Ora and the Porirua Regeneration partners (Ngāti Toa, Treasury, MHUD, Ministry for Pacific Peoples, and Porirua City Council) to leverage learnings in Tāmaki to support non-housing outcomes within Porirua. We are helping to set-up an Eastern Porirua Jobs and Skills Hub and guide the approach to affordable housing.
- **Placemaking** – TRC delivered, either directly or in conjunction with partners, 11 events/activations against an annual target of five. Events such as Music in the Parks and Bradley Lane Mural project proved popular with the communities of Tāmaki. Further detail on page 24.

- **Hack Tāmaki** – TRC led the first technology product accelerator event, which took place in March 2021, in the Tāmaki Employment Precinct. More than 100 people participated in the event, with 33% of participants identifying as Māori or Pasifika and 41% being female, making it one of the most diverse hackathons held in Aotearoa. New partnerships were created at Hack Tāmaki, and work has continued to develop technical products that will directly benefit the community. This includes an intern platform which will connect students and employers to expediate work opportunities.

OUR STRATEGIC FRAMEWORK AND MANDATED STRATEGIC PRIORITIES

Our long-term vision is that "Tāmaki is an awesome place to live", and our mahi is guided by four long-term strategic priorities for the regeneration programme. The statement of service performance section (page 12 to page 26, inclusive) defines these strategic priorities, with our delivery against our FY21 performance measures, as set out in our FY21 SPE, set out by strategic priority area within the statement of service performance: housing resources, social transformation, economic development, and placemaking. We also provide commentary on our progress against our medium-term strategic intentions within each of these strategic priority areas, as set out in our FY19-FY22 SOI.

Our Mandated Strategic Priorities

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

Housing Resources[7]

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

Social Transformation[8]

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

Economic Development[9]

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

Placemaking[10]

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

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

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

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

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

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

TĀMAKI SHARED OUTCOMES FRAMEWORK

The Tāmaki Shared Outcomes Framework ("TSOF") outlines the desired impact that the overall regeneration programme aims to have on the Tamaki community. It 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) influence the environment (Place), which, in turn, impacts the community (People).

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

OUR OVERARCHING STRATEGIC COMMITMENTS

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

These two overarching strategic commitments are:

Te Tiriti o Waitangi

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

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

Tāmaki Commitment

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

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

STATEMENT OF SERVICE PERFORMANCE

The section that follows (section titled "Housing Resources" to section titled "Placemaking", inclusive – page 12 to page 26, inclusive) represents TRC's public statement of non-financial performance during FY21 (and to the end of FY21, in the case of our FY19-FY22 SOI) against strategic intentions and objectives, and associated performance measures and progress indicators, of TRC Legal Group, as set out in the FY19-FY22 SOI and FY21 SPE. This covers performance within our four mandated strategic priority areas of: Social Transformation[11], Economic Development[12], Placemaking[13], and Housing Resources[14].

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

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

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

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

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 in this area is to optimise the use of land and existing houses to support and deliver improved social and economic outcomes, including better public housing options for Tāmaki; however, this is about more than just building houses, we are sustaining tenancies, supporting whānau and building communities. Mixed-tenure and blind-tenure houses, coupled with great urban design and world-class tenancy management, are essential to regeneration outcomes.

As the manager of a significant public housing portfolio, we have a strategic asset management system and tactical investment strategies in place to guide our operational activities, ensuring that we maximise both financial and non-financial (social and economic) dividends for the Crown and community over the long-term. We met three of our four asset management targets for the year, with the transition to a new maintenance contractor from Q1 FY21, expanding the scope of void works to include Healthy Homes upgrades, prioritising work that directly impacts tenants over work on vacant properties, and the temporary cessation of works during the August 2020 COVID-19 lockdown influencing our void turnaround time during Q1-Q3. Following a series of improvements implemented during Q2-Q3, our void turnaround time target was met each month during the final quarter of the year.

Working closely with Kāinga Ora and Tāmaki development partners, we are continuing to drive the supply of diverse housing stock to the Auckland market through the housing redevelopment programme. During FY21, 152 new homes were delivered through the programme, including 64 new, warm, dry, and healthy public homes, and 13 TRC shared home ownership homes. In addition to this, our partner NZ Housing Foundation continued their delivery of affordable homes in Tāmaki during the year, delivering three shared home ownership homes and two market-affordable homes, while all Tāmaki development partners continue to deliver a range of typologies to the local market, including standalone homes, terraced homes, and apartments.

During the year, we worked with Kāinga Ora to bring forward neighbourhood planning for Glen Innes North West, completing the first phase of planning and confirming key enabling moves, optimum housing provision (yield and typology mix), and baseline and required neighbourhood infrastructure. An initial draft plan was workshopped with the Maungakiekie-Tāmaki Local Board and has undergone design review by Kāinga Ora and Auckland Council. Phase two will involve refinement and confirmation of housing mix, infrastructure provision, open space strategy, statutory planning, and proposed staging of works. It will also involve engagement with mana whenua and the community.

Tāmaki Housing, continues to deliver an innovative tenancy management service in Tāmaki, based on supporting successful tenancies and being responsive to each public housing whānau's needs. This includes providing greater support to vulnerable public housing whānau, ensuring that they are able to sustain their tenancies. During FY21, we met all six of our tenancy management targets, including letting Tāmaki Housing properties to applicants from the public housing register within six days from properties becoming available and responding to 99% of urgent health and safety queries within four hours.

Rehousing is a key component of the regeneration programme in Tāmaki, and we recognise that this can be a difficult time for whānau. When we require a public housing whānau's property for redevelopment purposes, we work closely with the whānau, to ensure that we develop a rehousing plan that factors in their current needs as well as their aspirations for the future. Employing this model, our team successfully rehoused 89 public housing whānau during the year, always adhering to the Tāmaki Commitment.

Housing Resources: Performance against 2020-2021 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY21 TARGET / MILESTONE	FY21 ACTUAL	STATUS	COMMENTARY
		ASSET MANAGEMENT		
Portfolio average property condition (CGI)[15].	2.52	**2.49**	**Met**	
Percentage of customers satisfied with repairs and maintenance.	65%	**70%[16]**	**Met**	The full-year result represents the average of two surveys conducted during FY21.
Percentage of lettable homes that are let.	98%	**99%**	**Met**	
Average inter-tenancy void turnaround time (vacant to ready-to-let).	28 Days	**33.3 Days**	**Not Met**	We did not meet the target for this measure, with the result influenced by the transition to a new maintenance contractor at the start of the year, expanding the scope of void works to include Healthy Homes upgrades, prioritising work that directly impacts tenants over work on vacant properties, and the temporary cessation of works during the August 2020 COVID-19 lockdown. The target was met for each month during Q4 FY21, following a series of improvements that were put in place during Q2-Q3 relating to workflow, data-sharing and monitoring, approvals, and the definition and reporting of associated maintenance KPIs.
		TENANCY MANAGEMENT		
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki who are rehoused within Tāmaki.	100%	**100%**	**Met**	

[15] 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.

[16] Tenant surveys during FY21 were conducted by Kudos Organisational Dynamics Ltd, who have been conducting tenant surveys for TRC since FY16. Sample sizes for FY21 for the two surveys completed across the year were 249 and 255 (average of 252). The maximum margin of error for a sample size of 250, at a 95% confidence level, is ±5.881%. The response rate across the two surveys during the year was 56%.

OUTPUT MEASURE / ENABLING PROJECT	FY21 TARGET / MILESTONE	FY21 ACTUAL	STATUS	COMMENTARY
Tenants' overall satisfaction rating for Tāmaki Housing.	70%[17]	**77%**[18]	Met	The full-year result represents the average of two surveys conducted during FY21.
Rental debt older than 7 days as a percentage of monthly rental income.	<10.0%	**2.77%**	Met	
Tenancy management cost per unit.	<$2167pa[19]	**$2,071**	Met	Note that the final calculation is made in conjunction with year-end adjustments and may vary slightly from this figure, although there is no risk that the final figure will be above the target.
Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	10 Days	**5.8 days**	Met	
Percentage of urgent health and safety queries responded to within 4 hours.	90%	**99%**	Met	
HOUSING SUPPLY				
Percentage of homes delivered in Tāmaki by Kāinga Ora during the financial year that are purchased by Tāmaki Regeneration Limited.	40%	**51%**	Met	To the end of June 2021, TRC purchased 77 of the 152 homes delivered by Kāinga Ora during the year, comprised of 64 public homes and 13 TRC shared home ownership homes.
Glen Innes North West ("GINW").	Commence neighbourhood planning for GINW.	**Phase 1 completed.**	Met	

Housing Resources: Revenue and Output Expenses for 2020-2021

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)	FY21 ACTUAL TRC GROUP	FY21 ACTUAL TRL	FY21 ACTUAL TOTAL	FY21 BUDGET	DIFFERENCE
Revenue					
Crown	0	48,210	48,210	0	48,210

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

[18] Tenant surveys during FY21 were conducted by Kudos Organisational Dynamics Ltd, who have been conducting tenant surveys for TRC since their inception in FY16. Sample sizes for FY21 for the two surveys completed across the year were 249 and 255 (average of 252). The maximum margin of error for a sample size of 250, at a 95% confidence level, is ±5.881%. The response rate across the two surveys during the year was 56%.

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

Other	16,834	33,298	50,132	67,025	-16,893
Total Revenue	**16,834**	**81,508**	**98,342**	**67,025**	**31,317**
Expenses	-10,580	-96,401	-106,981	-83,137	-23,844
Net (deficit)	**6,254**	**-14,892**	**-8,639**	**-16,112**	**7,473**
Commentary: Conditions after the COVID-19 lockdown were expected to suppress activity. However, rental income from tenants was largely unimpacted due to government support. The development market also performed better than expected, leading to higher revenue from development sales than had been budgeted. **The higher level of development sales led to $20.1m higher than budget cost of land sold. An acceleration of the development programme reduced average remaining life of buildings causing an overspend of depreciation by $5.0m. Maintenance was $0.6m over budget as the building refurbishment programme accelerated.**					

Housing Resources: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past three years (FY19-FY21, inclusive), we have made good progress against our Housing Resources four-year (FY19-FY22, inclusive) strategic intentions, working closely with Kāinga Ora (a predecessor entity to Kāinga Ora) to deliver the housing redevelopment programme in Tāmaki, following establishment of commercial arrangements with HLC in FY19 through the signing of an Umbrella. In addition, we updated the contractual arrangements between Tāmaki Housing and the Crown in FY19, to guide the provision of public housing and Income-Related Rent Subsidy payments in Tāmaki.

The Tāmaki Precinct Masterplan ("TPM") produced in FY19, acts as the overarching development framework for the area, providing for a consistent and coherent urban design approach to the development of Tāmaki. The Masterplan was developed in collaboration with HLC and in consultation with the Maungakiekie-Tāmaki Local Board, Auckland Council, mana whenua, and key community stakeholders. We continue to work with our partners across the public and private sectors to implement key projects and initiatives within the TPM, while ensuring that the physical redevelopment of the whenua is enabling key regenerative outcomes for the community.

Our performance against two medium-term SOI indicators for this strategic priority area is set out in the following table.

MEDIUM-TERM SOI INDICATOR	FY19 ACTUAL	FY20 ACTUAL	FY21 TARGET	FY21 ACTUAL	FY22 TARGET
Portfolio average property condition (CGI)[21].	2.84	2.64	2.52	**2.49**	2.39
Tenants' overall satisfaction rating for Tāmaki Housing[22].	82%	90%	70%	**77%**[23]	80%

[21] As aforementioned, 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.

[22] Note that a different calculation methodology was in use for our headline customer satisfaction measure during FY19 and FY20, with the calculation methodology employed in FY21 and subsequent years being simpler and more robust (i.e., the reuslting movement in targets and results does not represent any reduction in our levels of service to our tenants and/or our tenants' overall satisfaction with Tāmaki Housing, it merely reflects a change in calculation methdology).

[23] Tenant surveys during FY21 were conducted by Kudos Organisational Dynamics Ltd, who have been conducting tenant surveys for TRC since their inception in FY16. Sample sizes for FY21 for the two surveys completed across the year were

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

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

Our objective in this area is to support Tāmaki residents and whānau to gain the skills, knowledge, and employment opportunities to progress their lives. To achieve this, we undertake research to deeply understand the needs, enablers, barriers, and drivers of change for Tāmaki whānau. We are focussed on improving the system, and we work with government, local NGOs, experts, and the Tāmaki community to ensure social services are holistic, evidence-based, and create positive long-term results for whānau. We also deliver a range of programmes designed to practically support Tāmaki residents to progress their lives.

Affordable housing is a fundamental part of the regeneration programme, providing a steppingstone for whānau out of public housing and, ultimately, into home ownership. TRC has developed a bespoke range of affordable products across the housing continuum that are tailored to meet the needs of the Tāmaki community. A highlight for FY21 was the development of a rent-to-own product for Tāmaki, which will see more local whānau attain home ownership in the coming years, as participating households are supported to build their financial capability to become mortgage-ready and transition into a shared home ownership product.

During FY21, 20 whānau progressed along the housing continuum through our Affordable Housing Programme, including 18 whānau that progressed into a shared home ownership product (16 of which were TRC shared home ownership homes), one whānau that progressed into an affordable rental home, and one whānau that progressed into a market affordable home (delivered by a private sector developer). In addition to this, we are continuing to create a local demand pipeline for affordable housing through the delivery of a financial capability programme that prepares whānau for home ownership. At the end of FY21, 154 local whānau stood ready to progress along the continuum within the next 12 months.

The Tāmaki Jobs and Skills Hub, operated in partnership with the Auckland Business Chamber[24], supports locals into employment and training opportunities and operates from a foundation of manaakitanga, trust, and deep understanding of the career goals and life aspirations of whānau. During FY21, the Hub supported 186 people into employment, including 14 people that were placed into apprenticeships, and 110 people to gain a driver's licence. Of the employment placements, 79% were Māori or Pacific people, 35% were supported into construction-related jobs, and 30% were supported into manufacturing jobs.

With a sustained level of construction activity forecast for the next two decades in Tāmaki, and 27% of all jobs in the Tāmaki Employment Precinct being manufacturing-related[25], these employment placement figures show that we are not only delivering for local whānau, but also the local business community by creating a skilled local workforce that is matched to the demands of industry. Construction and manufacturing are also industry

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249 and 255 (average of 252). The maximum margin of error for a sample size of 250, at a 95% confidence level, is ±5.881%. The response rate across the two surveys during the year was 56%.

[24] The Tāmaki Jobs and Skills Hub is also supported by the Ministry of Social Development ("MSD"), Ministry of Business, Innovation, and Employment ("MBIE"), and the Building and Construction Industry Training Organisation ("BCITO").

[25] This figure is based on an employment land use study of the precinct completed in FY21 by Property Economics as part of the development of the Tāmaki Employment Precinct Masterplan.

sectors that demonstrate high levels of innovation, closely aligned to our broader economic development objectives to foster innovation and entrepreneurship in the community.

One of our targets this year, in response to the impact of COVID-19 on Tāmaki households, was to deliver a Whānau Debt Relief Programme, via partners. We engaged with the Bank of New Zealand, Good Shepherd, and Ngā Tāngata Microfinance Trust to understand the current debt relief offerings available locally and found that there are already numerous well-established and well-resourced budgeting services with experienced advocates operating in Tāmaki, but that whānau are deterred from accessing this support due to a combination of shame, stigma, and other barriers. This was consistent with insights from our Tenancy Managers regarding the lived experience of public housing whānau with large debts. Accordingly, to meet the desired outcomes of improving financial independence and reducing debt for Tāmaki whānau, we adapted the intended approach for this programme and have appointed a new Senior Tenancy Manager – Debt at Tāmaki Housing, who will hold the relationship with Tāmaki Budgeting and focus on strengthening referral pathways and outcomes for public housing tenants.

The Senior Tenancy Manager – Debt will act as a dedicated resource to build and nurture the connectivity between the debt and tenancy management systems. This new role will also develop the practice of Tenancy Managers in relation to management of debts owed to Tāmaki Housing, with learnings from this practice having the potential to create system change at a national level. To support this work, a series of ongoing interviews with tenants will be part of the implementation plan in FY21, to capture experience and insights, along with internal and external workshops to share learnings with government partners.

Social Transformation: Performance against 2020-2021 Statement of Performance Expectations

ENABLING PROJECT	FY21 MILESTONE	FY21 ACTUAL	STATUS	COMMENTARY
Number of Tāmaki people who are employed through TRC initiatives.	100	**186**	**Met**	
Number of Tāmaki people who progress along the housing continuum.	10	**20**	**Met**	
Whānau Debt Relief Programme ("WDRP").	Deliver a WDRP via partners.	**Adapted approach to meet needs of tenants.**	**Not Met**	Through investigation and consultation, we determined that the most impact TRC could have for whānau with large debts would come from improved support and navigation to engage with existing services. Therefore, Tāmaki Housing has appointed a new Senior Tenancy Manager – Debt role, which will focus on supporting Tāmaki whānau to engage both well and early with available debt services, with additional support provided through implementation to capture experience and insights and share learnings with government partners, with the intent of creating system change.

Social Transformation: Revenue and Output Expenses for 2020-2021

REVENUE AND OUTPUT EXPENSES ($000s)	FY21 ACTUAL TRC GROUP	FY21 BUDGET	DIFFERENCE
Revenue			
Crown	0	0	0
Other	20	53	-33
Total Revenue	**20**	**53**	**-33**
Expenses	-5,363	-4,301	-1,062
Net (deficit)	**-5,343**	**-4,248**	**-1,095**
Commentary: The negative variance has been caused by the acceleration of the affordable housing programme ($414k), to accelerate the delivery of housing outcomes for local Māori and Pacific whānau, and an unbudgeted cost of $500k to establish an early childcare centre.			

Social Transformation: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past three years (FY19-FY21, inclusive), we have made good progress against our Social Transformation four-year (FY19-FY22, inclusive) strategic intentions. As reported in our FY20 Annual Report, we identified our partners to deliver an intensive support service, called Whānau by Whānua, for vulnerable whānau with multiple complex needs. We are now working with our partners to stand up the most appropriate delivery model for the service.

The long-term Tāmaki Education Strategy and subsequent implementation plan was developed with students, the school community, the Ministry of Education (MoE) and Auckland District Health Board (ADHB) in FY19. Two key deliverables for the MoE this year included the confirmation of the first major investment into education infrastructure ($70m for Tāmaki School and Sommerville Special School), and the inclusion of a long-term infrastructure investment plan for Tāmaki in the MoE Auckland Area Growth Plan.

We are also working with MoE, Tāmaki Primary School, the Tāmaki community, and investment partner, Best Start, to deliver an innovative centre of early learning excellence with additional space for use by community and a range of social service providers. Concept plans have been completed for the estimated $5 million facility and we are currently exploring alternative sites for the hub, including vacant TRC land, due to issues pertaining to the original location earmarked for the facility.

Working with the ADHB and philanthropic partners, we have facilitated the development of a temporary renal dialysis unit in Tāmaki to cater for the high incidence of renal failure and diabetes within the area. The unit is located on TRC-owned land, with TRC undertaking a peppercorn lease for 10 years with the ADHB to enable the project, which will then convert to a commercial lease from Y11 of operation. Construction of the centre is ahead of schedule, with the centre expected to be operational and treating patients on dialysis by the end of Q1 FY22.

As aforementioned, we have successfully developed a range of Tāmaki-specific affordable housing products, including affordable rental and shared ownership products in delivery, and build-to-rent housing that we will be piloting in FY22. Delivery of these products is now measured through annual SPE output measures. The Tāmaki Jobs and Skills Hub continues to support locals into training and employment, with a recent focus on developing a construction-ready local workforce, to ensure that all housing projects in Tāmaki can be underpinned by social procurement principles, while continuing to support other key industry sectors in the local economy, such as manufacturing.

In addition to this, we have reviewed all contract and supply arrangements across the programme, to ensure that we are using local suppliers wherever possible and, where this is not possible, suppliers and partners are making a meaningful contribution to Tāmaki. This could be, for example, provision of pro bono services to community organisations. We have further embedded prioritisation of local suppliers by updating our procurement systems to require cost centre managers to confirm whether a local supplier(s) is available and, if not using an available local supplier, require documentation of the rationale for not using a local supplier.

Our progress against the medium-term SOI indicator for this strategic priority area is set out in the following table. For the three financial years completed during this SOI period (FY19-FY21, inclusive), we supported 587 people into employment, against a four-year target of 770 to the end of FY22.

MEDIUM-TERM SOI INDICATOR	FY19 ACTUAL	FY20 ACTUAL	FY21 TARGET	FY21 ACTUAL	FY22 TARGET
Number of Tāmaki people who are employed through TRC initiatives.	220	181	100	**186**	200

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.

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

During FY21, we partnered with Auckland Unlimited and collaborated with local businesses and landowners, the Maungakiekie-Tāmaki and Ōrākei Local Boards, mana whenua, and key stakeholders to develop a future-focussed masterplan for the Tāmaki Employment Precinct[26]. The masterplan crystalises the opportunity that exists in the precinct, making the case for change and investment and setting out a clear roadmap to the desired future state, with a series of interrelated concrete actions covering infrastructure delivery, connectivity enhancements, and redevelopment opportunities. It will serve as the anchor document that guides the actions of TRC, Auckland Unlimited, and partners in the precinct over the next 20 years, unlocking the latent economic development potential of the area and supporting the attraction of new businesses and inward investment.

We also delivered a series of other projects and initiatives within the broader Tāmaki Employment Precinct Programme ("TEPP") during the year, including a hackathon[27] for local businesses and entrepreneurs, with 33% of the more than 100 participants identifying as Māori or Pacific and 41% being female, making it one of the most diverse hackathons held in Aotearoa. The five participating businesses have now formed into a collective, meeting regularly to share knowledge, resources, and networks, shortening development pathways and time-to-market. Three hackathon solutions are being actively progressed and have gained external funding commitment or are ready-to-trial (or both). Related to this is the piloting of an innovation hub in Glen Innes, to cater to Tāmaki's growing community of Māori and Pacific innovators and entrepreneurs. During FY21, we secured funding from Auckland Unlimited to support the pilot, which will be operationalised in FY22.

Well-connected and patronised town centres are both a sign of a healthy local economy and a key attraction feature for new residents. To catalyse change in Glen Innes, we have been investigating development feasibility for three TRC-owned sites in the town centre. This feasibility work was completed during FY21 and, based on the recommendations, it was agreed that Site A on the corner of Line Road and Taniwha Street would be the first priority, with design work commenced for a mixed-use development that will accommodate residential

[26] The Tāmaki Employment Precinct has been defined as the light-industrial and business (mixed use) zoned land adjacent to the rail line in Tāmaki, which is not covered by the Glen Innes or Panmure town centre regeneration projects. The precinct differentiates Tāmaki from other areas undergoing large-scale regeneration and residential intensification. It provides for a diverse employment zone within the regeneration area that presents an opportunity to bring together advanced manufacturing, technology-related industry, and local innovation to drive improved employment outcomes for locals.

[27] Hack Tāmaki 2021 was a 48-hour product accelerator event (hackathon), held in Q3 FY21, which brought together some of Aotearoa's foremost technology experts and leaders to unlock the potential of businesses and community in Tāmaki. Teams of designers, creatives, business mentors, investors, and entrepreneurs built prototypes to solve technological or customer problems faced by Tāmaki businesses. Participating organisations included Tāmaki College, Ngāi Tai ki Tāmaki, Jacobsen Holdings, and Fusion Networks. The event was co-sponsored by Auckland Unlimited and supported by the MoE, Datacom, and Microsoft.

and commercial uses. Initial design work has also commenced for Site C on the corner of Line Road and Maybury Street, with typology mix and usage to be confirmed during the design process.

A significant milestone for the broader Glen Innes Town Centre Revitalisation programme during FY21 was the purchase of a large commercial property in the heart of the town centre. The property is being redeveloped to accommodate a first-floor entrepreneurs' hub (the Tāmaki Innovation Hub Pilot, as described in our FY22 SPE, delivering on key moves within the TEPP) and a ground-floor eatery, including start-up food businesses operating alongside established brands. Both floors are expected to be operational and fully utilised by the end of Q3 FY22. In addition, TRC has leased another property in the Glen Innes town centre and facilitated the creation of an art gallery in association with a well-known local artist.

These initiatives are delivering new, diverse uses into the town centre, consistent with our objectives to create thriving, attractive, and sustainable town centres that are destinations of choice in Auckland's eastern suburbs. Our work in this space has a clear focus on supporting local businesses to be successful and stimulating local economic development. To ensure local businesses were able to withstand the challenges of COVID-19, and thrive in recovery, we established and delivered a Tāmaki business support service during FY21. The service delivered seven workshops during the year, covering a range of topics, including Social Enterprise Strategy, Business Strategy, Accounting & Tax, Finance, and Digital Marketing.

Participation was greatest for the social enterprise and finance-related workshops, aligning with observations that most registered businesses were in the start-up phase and/or acknowledged they needed to grow their financial acumen and capital. Forty-eight local businesses registered for an individual business needs assessment off the back of the workshops, with 77% of those businesses subsequently referred to relevant service providers and programmes for additional support. Alongside this, we continued to deliver our destination marketing programme, positioning Tāmaki as an attractive location for industry and talent, also working with the local business associations to promote Tāmaki businesses and drive custom to the area.

Economic Development: Performance against 2020-2021 Statement of Performance Expectations

ENABLING PROJECT	FY21 MILESTONE	FY21 ACTUAL	STATUS	COMMENTARY
Glen Innes Town Centre ("GITC") Revitalisation.	Complete feasibility studies for TRC-owned sites in the GITC.	**Feasibility studies completed.**	**Met**	
Tāmaki Employment Precinct ("TEP") Project.	Complete the neighbourhood plan for the TEP.	**Plan completed.**	**Met**	
Tāmaki Business Support Service.	Establish a Tāmaki business support service.	**Service established.**	**Met**	

Economic Development: Revenue and Output Expenses for 2020-2021

REVENUE AND OUTPUT EXPENSES ($000s)	FY21 ACTUAL TRC GROUP	FY21 BUDGET	DIFFERENCE
Revenue			

REVENUE AND OUTPUT EXPENSES ($000s)	FY21 ACTUAL TRC GROUP	FY21 BUDGET	DIFFERENCE
Crown	0	0	0
Other	28	22	6
Total Revenue	**28**	**22**	**6**
Expenses	-1,330	-1,084	-246
Net (deficit)	**-1,302**	**-1,062**	**-240**
Commentary: The main contributors to the variance relate to the development and completion of the Tāmaki Employment Precinct Masterplan during the period ($365k) being completed and additional expenditure related to the activation of the Glen Innes town centre, namely the acquisition and refurbishment of a commercial property on Line Road.			

Economic Development: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past three years (FY19-FY21, inclusive), we have made good progress against our Economic Development four-year (FY19-FY22, inclusive) strategic intentions. We have already provided detailed commentary within this annual report (and the FY19 and FY20 Annual Reports) on progress within the Glen Innes Town Centre Revitalisation and Tāmaki Employment Precinct[28] programmes, which covers progress to date within both long-term programmes, as well as planned activity and intentions for the forthcoming and future years.

To support our work with partners to revitalise commercial and industrial zones in Tāmaki (and the housing redevelopment programme), a destination brand for Tāmaki was developed in FY19 that highlighted the numerous attraction features of the area and its wealth of potential. This destination brand has been in delivery since FY20, positioning Tāmaki as an attractive investment opportunity for a range of investors, while also promoting exemplar businesses in the area. We continue to support the establishment of sustainable social enterprises within the community, including through the provision of the business support services described in the previous section.

Our medium-term indicator of success within this strategic priority area, as articulated in our FY19-FY22 SOI, was to improve the perceptions and desirability of Tāmaki, translating into increased investment into the area, over time. We are confident that our economic development activities, the broader housing redevelopment and regeneration programmes, and our work to highlight the numerous existing attraction features and potential of Tāmaki through the destination brand project has improved the perception and desirability of the area over the past three years. Feedback from partners, stakeholders, and the public, along with consistently positive media coverage during this SOI period supports this view.

[28] Note that the "Industrial Area Development Strategy", as described in the FY19-FY22 SOI, was renamed as the Tāmaki Employment Precinct Strategy. The Tāmaki Employment Precinct Strategy was developed in FY19 in partnership with Auckland Council's economic development agency, Auckland Unlimited (then ATEED), and in collaboration with the Maungakiekie-Tāmaki and Ōrākei Local Boards, local businesses and landowners, the Auckland Business Chamber, and other key stakeholders.

STRATEGIC PRIORITY – PLACEMAKING

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

Our objective in this area is to create safer, more connected, vibrant neighbourhoods that support social and economic development and enable whānau to have a strong Tāmaki identity. To ensure that these outcomes are achieved, we work with Kāinga Ora, the Auckland Council family, and the Tāmaki community through the neighbourhood design process to ensure Tāmaki is connected, both physically through great transport infrastructure, upgraded parks, reserves, cycleways, and walkways, and socially through friendly, welcoming neighbourhoods and high-quality community facilities and amenities that meet the needs of Tāmaki's changing population.

With the commencement of planning on the Glen Innes North West neighbourhood during FY21, we had four of the seven neighbourhoods within the Tāmaki Precinct Masterplan being actively planned during the year, the others being Point England, Panmure North, and the Tāmaki Employment Precinct (also referred to as Neighbourhood 7). Through the planning and design process, we ensure that the Tāmaki community has the opportunity to help shape the future of Tāmaki and identify and contribute to the long-term outcomes that will be delivered through regeneration. We also ensure that mana whenua are engaged early and throughout the design process, recognising the principles of Te Tiriti o Waitangi and mana whenua's enduring role as the kaitiaki of Tāmaki.

Our Placemaking Programme complements these physical moves by delivering events and activations with our partners, bringing new and existing spaces to life. During FY21, we delivered 11 placemaking events and activations in Tāmaki, either directly or in conjunction with partners. This included Bradley Lane Illuminated, an event that we support annually, which features live performances, music, the exhibition of local art, food, and games for the community. We introduced a new series of multimedia activations to highlight Glen Innes' strong culture of creativity and upcycling, delivered in partnership with Auckland Council and Te Oro. The series was supported by several local thrift shop chains, with the increased interest in Glen Innes resulting in other local businesses wanting to be involved in the next series of town centre events and activations.

Maybury Reserve[29] saw its first TRC-sponsored Music in Parks (free community concert) event delivered during the year, in partnership with Auckland Council, with continued activation and community amenity provided by the Ecomatters Bike Hub. The hub provides free route information and maps, as well as advice on basic bike maintenance and servicing, promoting the use of Tāmaki's growing network of cycleways. Ongoing activation has also been delivered through TRC's relationship with and support of Tāmaki Touched, a community sports organisation that has been delivering innovative sport and play events in the reserve during the year for a range of ages and abilities.

Two unique projects were launched during the year with the intention of supporting uptake and activation of new and underutilised spaces in Tāmaki, namely Shape the Space, a site activation project, and Living Streets, a Waka Kotahi-funded active transport project. Shape the Space was designed to bring a selection of Tāmaki's vacant sites to life through temporary activations (e.g., culturally inspired play spaces for tamariki, art installations etc.) that created new and innovative community spaces that encouraged interaction between

[29] One of our most visible placemaking moves to date was the Maybury Green Project, which saw TRC-owned land bordering Maybury Reserve converted to green space during FY19-FY20, extending the existing Maybury Reserve and creating a safer, more accessible space for community use.

people of all backgrounds. The project will be continuing next year, with these temporary activations building capacity and capability for locals to integrate their aspirations and formulate proposals that can feed into longer-term neighbourhood planning.

The Waka Kotahi-funded Living Streets trial saw the introduction of a temporary project to test a series of key moves within the Tāmaki Precinct Masterplan, focused on promoting active transport uses and modes on neighbourhood streets. The nine-month project was delivered jointly with Auckland Transport, Waka Kotahi, Kāinga Ora, consultants, and local residents within the study area. The project team delivered a tactical project, to encourage and support residents to see streets not just as thoroughfares, but as 'places', thereby encouraging more active modes of transport through their neighbourhoods, whilst also informing longer-term neighbourhood planning.

Placemaking: Performance against 2020-2021 Statement of Performance Expectations

OUTPUT MEASURE	FY21 TARGET	FY21 ACTUAL	STATUS	COMMENTARY
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework ("QNF")[30].	100%	Not Measured	**Not Measured**	The only neighbourhood design completed during FY21 was for the Tāmaki Employment Precinct, which is not a residential neighbourhood and therefore is not assessed under the QNF, which focusses on the lived experience of residents.
Number of events and activations delivered directly by TRC or in conjunction with partners.	5	**11**	**Met**	

Placemaking: Revenue and Output Expenses for 2020-2021

REVENUE AND OUTPUT EXPENSES ($000s)	FY21 ACTUAL TRC GROUP	FY21 BUDGET	DIFFERENCE
Revenue			
Crown	0	0	0
Other	2	0	2
Total Revenue	**2**	**0**	**2**
Expenses	-2,490	-1,341	-1,149
Net (deficit)	**-2,488**	**-1,341**	**-1,147**
Commentary: The negative variance is due to higher staff numbers than budgeted and an increase in consulting and professional fees for the employment precinct and town centre activation.			

Placemaking: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past three years (FY19-FY21, inclusive), we have made good progress against our Placemaking four-year (FY19-FY22, inclusive) strategic intentions. In FY19, we developed a Placemaking Strategy, to complement

[30] The Quality Neighbourhood Framework was developed with the architecture design firm, Jasmax. Where there is a completed neighbourhood design ready for assessment, a suitably qualified architectural design firm assesses that design utilising the criteria within the framework, with this result counting towards the year-end reporting on the output measure. The framework accounts for the lived experience of existing and new residents within a regeneration neighbourhood, allowing TRC and Kāinga Ora to respond to feedback from residents in a reflexive fashion.

the physical placemaking moves that we are undertaking and to provide guidance for TRC's approach to using events and activations to promote and galvanise community interaction. Key moves and initiatives identified in the Placemaking Strategy are now being implemented in collaboration with partners, with delivery of events and activations measured through an annual SPE output measure. Highlights of specific events, including the outcomes enabled for the community, are reported on through the relevant annual report (i.e., this annual report captures and reports on events delivered during FY21).

As aforementioned, one of the most visible moves within our placemaking strategic priority area was the Maybury Green Project, which saw TRC-owned land bordering Maybury Reserve converted to green space, extending the existing reserve, and creating a safer and more accessible space for community. We have already provided detailed commentary within this annual report (and the FY19 and FY20 Annual Reports) on the successful completion of this project and subsequent (and ongoing) activation of the reserve.

Our progress against the medium-term SOI indicator for this strategic priority area is set out in the following table. We note that neighbourhood designs are only subject to pre-construction assessment under the QNF when they are complete and, while four of the seven neighbourhoods within the TPM are now in various stages of design and planning, as aforementioned, none have had neighbourhood designs completed and ready for assessment under the QNF during this SOI period (noting that the Tāmaki Employment Precinct Masterplan has been completed in FY21, but is not assessed under the QNF as it is not a residential neighbourhood).

MEDIUM-TERM SOI INDICATOR	FY19 ACTUAL	FY20 ACTUAL	FY21 TARGET	FY21 ACTUAL	FY22 TARGET
Percentage of neighbourhood designs that meet the agreed minimum standard under the QNF.	Not Measured	Not Measured	100%	**Not Measured**	100%

COMPANY DISCLOSURES

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

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

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

Changes to the composition of the Board during the year

The Board of Directors for all entities within the TRC Legal Group as at 30 June 2021 consisted of the following members:

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

During the 2021 financial year, there were no changes to the composition of the Board:

Schedule of Board meeting attendance

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

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

Board and committee remuneration

The Boards of TRL and THAGP received no remuneration during the year. The Board of TRC Parent received a total of $213k remuneration during the year, the breakdown of which can be found in TRC Group's financial statements on page 47.

There have been payments of $6k 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 2021 financial year.

Directors' interest in transactions and interests register changes

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

Indemnification and insurance of directors and officers

During the period TRC Parent purchased insurance to cover all directors, officers and employees of all entities in the TRC Legal Group. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $20 million. The indemnity period runs from 30 September 2020 to 30 September 2021.

The total amount of insurance premium paid was $25k.

Employee salary band information

There are 37 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 49.

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

TRC Legal Group made donations worth $34k during the year which were approved by TRC Parent. No other entities in the TRC Legal Group paid any donations 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 $294k; and

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

Company Directories for the Board

BOARD MEMBER	ENTITY	RELATIONSHIP
Evan Davies (Chair)	Capital Investment Committee	Chair
	Hospital Redevelopment Partnership Group	Chair
	Executive Steering Group New Dunedin Hospital	Chair
	Hawke's Bay District Health Board	Deputy 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
Dr. Susan Macken (Deputy Chair)	Tāmaki Redevelopment Company Limited	Deputy Chair
	Tāmaki Regeneration Limited	Director
	Tamaki Redevelopment Company Limited	Director
	THA GP Limited	Director
	STG Limited	Director and Shareholder
	Blossom Bear Limited	Director and Shareholder
	Private Accounting Trustee Limited	Director and Shareholder
	Station Mews Apartments Limited	Director
	Spa Electrics Pty Limited (an Australia-based company)	Chair
Diana Puketapu	Manawanui Support Limited	Director
	Ngāti Porou Holding Company Limited	Director
	Pohewa Design Limited	Director
	Napier Port Holdings Limited	Director
	NZ Cricket	Director
	Tāmaki Redevelopment Company Limited	Director

	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Ngāti Porou Berries Limited	Director
	New Zealand Olympic Committee	Member
	Port of Napier Limited	Director
	DNA Design	Director
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
	Warkworth Holdings Limited	Director
	Warkworth Development Limited	Director
	Proventus Group Limited	Director
	Ankyra Limited	Director
Madhavan Raman	Aiyappan Family Trust	Trustee
	Six Em Family Trust	Trustee
	Walsh Trust (West Auckland Living Skills Home Trust)	Trustee
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director

TĀMAKI REDEVELOPMENT COMPANY LIMITED
GROUP FINANCIAL STATEMENTS

For the year ended 30 June 2021

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TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2021

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 2021.

Signed on behalf of the Board:

Director	Director
30 November 2021	30 November 2021

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Revenue				
Management fee income	2	11,074	21,198	11,405
Dividend received		5,747	6,000	7,050
Other income		54	75	47
Total revenue		**16,875**	**27,273**	**18,502**
Expenditure				
Personnel costs		10,693	12,477	9,694
Consultants and professional fees		3,742	5,739	2,443
Contractors and temporary staff		71	38	44
Directors fees	12	213	179	248
Management fee expense		255	3,464	328
Utilities and insurance		84	82	74
Other expenses	3	4,584	4,067	4,207
Total expenditure		**19,642**	**26,046**	**17,038**
EBITDAF*		**(2,767)**	**1,227**	**1,464**
Depreciation and amortisation expense	5,6	121	105	142
EBIT		**(2,888)**	**1,122**	**1,322**
Interest income		9	0	9
Interest expense		0	0	0
Net interest income		**9**	**0**	**9**
Surplus/(Deficit) for the year		**(2,879)**	**1,122**	**1,331**
Total comprehensive revenue and expense		**(2,879)**	**1,122**	**1,331**
Surplus/(Deficit) for the year attributable to:				
Crown		(1,699)	662	785
Minority interest (Auckland Council)		(1,180)	460	546
Surplus/(Deficit) for the year		**(2,879)**	**1,122**	**1,331**
Total comprehensive revenue and expense attributable to:				
Crown		(1,699)	662	785
Minority interest (Auckland Council)		(1,180)	460	546
Total comprehensive revenue and expense		**(2,879)**	**1,122**	**1,331**

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

The accompanying notes form part of these financial statements.

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

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		5,592	4,694	2,438
Trade and other receivables	4	540	775	1,112
Total current assets		**6,132**	**5,469**	**3,550**
Non-current assets				
Property, plant and equipment	5	297	282	279
Intangible assets	6	3	12	11
Total non-current assets		**300**	**294**	**290**
Total assets		**6,432**	**5,763**	**3,840**
Liabilities				
Current liabilities				
Creditors and other payables	7	14,391	1,359	8,999
Annual leave liability		667	528	588
Loan		0	8,710	0
Total current liabilities		**15,058**	**10,597**	**9,587**
Total liabilities		**15,058**	**10,597**	**9,587**
Net assets		**(8,626)**	**(4,834)**	**(5,747)**
Equity				
Ordinary shares - Crown		5,000	5,000	5,000
Ordinary shares - Auckland Council		3,500	3,500	3,500
Accumulated (deficit)		(17,126)	(13,334)	(14,247)
Total equity	8	**(8,626)**	**(4,834)**	**(5,747)**

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

The accompanying notes form part of these financial statements.

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

Director
30 November 2021

Director
30 November 2021

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Balance at 1 July		**(5,747)**	**(5,956)**	**(7,078)**
Total comprehensive revenue and expense				
Surplus for the year		(2,879)	1,122	1,331
Total comprehensive revenue and expense		**(2,879)**	**1,122**	**1,331**
Owners' transactions				
Capital contribution		0	0	0
Repayment of capital		0	0	0
Total contributions and distributions		**0**	**0**	**0**
Balance at 30 June	8	**(8,626)**	**(4,834)**	**(5,747)**

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 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Cash flows from operating activities				
Management fee income		16,168	17,734	16,272
Receipts from other revenue		183	75	47
Interest received		9	0	12
Payments to suppliers		(7,808)	(11,465)	(7,018)
Payments to employees		(10,633)	(12,477)	(9,443)
Goods and services tax (net)		(324)	0	(5)
Interest paid		0	0	0
Net cash flow from operating activities		**(2,405)**	**(6,133)**	**(135)**
Cash flow from investing activities				
Purchase of property, plant and equipment		(188)	(115)	(242)
Purchase of intangible assets		0	0	(6)
Net cash flow from investing activities		**(188)**	**(115)**	**(248)**
Cash flow from financing activities				
Loan provided from/(repayment to) Crown		0	0	0
Loan provided from/(repayment to) TRL		0	0	(8,109)
Interest paid		0	0	0
Dividend received from TRL		5,747	6,000	7,050
Net cash flow from financing activities		**5,747**	**6,000**	**(1,059)**
Net (decrease)/increase in cash and cash equivalents		**3,154**	**(248)**	**(1,442)**
Cash and cash equivalents at the beginning of the year		2,438	4,942	3,880
Cash and cash equivalents at the end of the year		**5,592**	**4,694**	**2,438**

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 52 to 81 of this Annual Report. This Annual Report also presents, on pages 82 to 89, 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 2021. They were approved by the Board on 30 November 2021.

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 $9.25m on 8 October 2021. The Entitled Persons/Ministerial approval for the dividend waiver is still to be obtained but based on past practice this is expected to be received.
2. The TRL Board has resolved to provide cash flow support to TRC group if needed; and
3. TRL is expected to be solvent and be in a position to provide the dividend to TRC group once the entitled person/ministerial approval is received.

The accounting policies have been applied consistently throughout the period.

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Control and consolidation (cont'd)

Loss of control

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

Revenue from exchange transactions

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

Management fee income

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

Interest income

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

Dividend revenue

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

Revenue from non-exchange transactions

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

Receivables

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

Property, plant and equipment

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

Additions

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Disposals

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

Subsequent costs

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

Depreciation

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

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

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

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of TRC Group's website are recognised as an expense when incurred.

Amortisation

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

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

Acquired computer software	3 years

Impairment of property, plant and equipment and intangible assets

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Impairment of property, plant and equipment and intangible assets (cont'd)
Non-cash-generating assets
Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

Income tax
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 30 June 2020. 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 (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 issued but not yet effective
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, with early application permitted. TRL does not intend to early adopt the amendment.

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

PBE FRS 48 Service Performance Reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. TRL has not yet determined how application of PBE FRS 48 will affect its statement of performance.

2. MANAGEMENT FEE INCOME

	2021 Actual $000's	2020 Actual $000's
Management services provided by THALP to TRL	5,712	5,526
Management services provided by TRC Parent to TRL	5,362	5,879
Total management fee income	**11,074**	**11,405**

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

THALP is a registered Community Housing Provider and as part of its activities, it collected a combined IRRS and IRR amounting to $66.7m for the year (2020: $65.0m), the majority of which was subsequently remitted to TRL.

3. OTHER EXPENSES

	2021 Actual $000's	2020 Actual $000's
Fees to Audit New Zealand for audit of 2020/21 financial statements	170	0
Fees to Audit New Zealand for audit of 2019/20 financial statements	(1)	163
Fees to Audit New Zealand for assurance services	0	20
IT support and licence fees	585	607
Printing and stationery	281	368
Telephones and mobiles	164	187
Marketing and collateral	1,300	655
Rent	451	351
Motor vehicle expenses	41	44
Recruitment fees	90	114
Staff training	284	210
Legal expenses	99	87
Travel expenses	22	76
Other	1,098	1,325
Total other expenses	**4,584**	**4,207**

4. TRADE AND OTHER RECEIVABLES

	2021 Actual $000's	2020 Actual $000's
Trade receivables	3	29
Loan provided to TRL	0	0
Prepayments	181	196
Salaries in advance*	0	34
Receivable from TRL**	10	831
GST receivable	346	22
Total trade and other receivables	**540**	**1,112**

*Due to the impact of COVID-19 and to contribute to the Tāmaki community, donations were paid in advance by TRC Parent on behalf of some Senior Leadership Team members to Te Hoe oo Tāmaki Charitable Trust in the FY20. These donations were recovered in FY21 through deductions to those SLT members' salaries.

**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

	Office equipment Actual $000's	Computer equipment Actual $000's	Leasehold improvements Actual $000's	Total Actual $000's
Cost				
Balance at 30 June 2019	326	304	733	**1,363**
Balance at 30 June 2020	411	416	777	**1,604**
Additions during the year	29	0	159	**188**
Disposals during the year	(1)	(245)	0	**(247)**
Balance at 30 June 2021	**438**	**171**	**936**	**1,545**
Accumulated depreciation				
Balance at 30 June 2019	311	221	687	**1,219**
Balance at 30 June 2020	340	275	710	**1,325**
Depreciation charge for the year	36	38	39	**113**
Disposals during the year	(1)	(188)	0	**(189)**
Balance at 30 June 2021	**374**	**125**	**750**	**1,248**
Carrying Amounts				
Balance at 30 June 2019	15	83	46	**144**
Balance at 30 June 2020	71	142	67	**279**
Balance at 30 June 2021	**64**	**46**	**186**	**297**

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. (2020: nil).

6. INTANGIBLE ASSETS

	Acquired software Actual $000's	Total Actual $000's
Cost		
Balance at 30 June 2019	259	**259**
Balance at 30 June 2020	266	**266**
Additions during the year	0	**0**
Disposals during the year	(39)	**(39)**
Balance at 30 June 2021	**227**	**227**
Accumulated amortisation		
Balance at 30 June 2019	218	**218**
Balance at 30 June 2020	254	**254**
Amortisation charge for the year	8	**8**
Disposals during the year	(39)	**(39)**
Balance at 30 June 2021	**223**	**223**
Carrying Amounts		
Balance at 30 June 2019	41	**41**
Balance at 30 June 2020	11	**11**
Balance at 30 June 2021	**3**	**3**

There are no restrictions over the title of TRC Group's intangible assets, nor are any intangible assets pledged as security for liabilities. (2020: nil).

7. CREDITORS AND OTHER PAYABLES

	2021 Actual $000's	2020 Actual $000's
Creditors	1,027	749
Accrued expenses	1,153	567
Payable to TRL*	2,075	1,348
Revenue received in advance from TRL*	10,136	6,334
Total creditors and other payables	**14,391**	**8,999**

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	
	2021 Actual $000's	2020 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	(14,247)	(15,578)
Total comprehensive revenue and expense	(2,879)	1,331
Balance at 30 June	**(17,126)**	**(14,247)**
Total equity	**(8,626)**	**(5,747)**

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 2021. (2020: nil).

Operating leases as lessee

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

	2021 Actual $000's	2020 Actual $000's
Not later than one year	382	538
Later than one year not later than five years	177	247
Later than five years	0	0
Total non-cancellable operating leases	**559**	**785**

10. CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2021. (2020: 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

	2021 Actual	2020 Actual
Board members		
Remuneration ($000's)	213	248
Full-time equivalent members	0.57	0.60
Leadership team		
Remuneration ($000's)	1,995	1,813
Full-time equivalent members	8.00	6.58
Total key management personnel remuneration ($000's)	**2,208**	**2,061**
Total full time equivalent personnel	**8.57**	**7.18**

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

12. BOARD REMUNERATION

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

	2021 Actual $000's	2020 Actual $000's
Evan Davies (Chair)	68	71
Dr. Susan Macken (Deputy Chair)	43	44
Kerry Hitchcock	34	35
Diana Puketapu	34	35
Madhavan Raman	34	29
Martin Udale	0	24
John Sax	0	9
Total Board member remuneration	**213**	**248**

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. (2020: 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.

Due to the impact of COVID-19 and to contribute to the Tāmaki community, donations were paid in advance by TRC parent on behalf of some Board members to Te Hoe oo Tāmaki Charitable Trust in 2020. These donations were recovered in 2021 through deductions to those Board members' salaries.

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

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
- Short Term incentive is based on the market lower quartile

TRC offers a potential Short Term Incentive to some Senior Leadership Team roles (excluding the Chief Executive). Short Term incentive calculations consider delivery against agreed objectives, in conjunction with company performance. Payment of any Short Term Incentive bonuses is at the complete discretion of the Chief Executive and Board.

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.

13. EMPLOYEE REMUNERATION (CONT'D)

2021 Remuneration

Due to the impact of COVID-19 and to contribute to the Tāmaki community, donations were paid in advance by TRC parent on behalf of some Senior Leadership Team members to Te Hoe oo Tāmaki Charitable Trust in 2020. These donations were recovered in 2021 through deductions to those SLT members' salaries.

Employer Kiwisaver Contributions
Included in the personnel costs line item within the Statement of Comprehensive Revenue and Expense is $224k of employer Kiwisaver contributions.

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.

	2021 Actual	2020 Actual
Total remuneration paid or payable:		
$420,000 - $429,999	1	0
$400,000 - $409,999	0	1
$310,000 - $319,999	0	1
$280,000 - $289,999	1	0
$260,000 - $269,999	0	1
$240,000 - $249,999	1	0
$210,000 - $219,999	0	1
$200,000 - $209,999	1	1
$190,000 - $199,999	4	1
$180,000 - $189,999	1	1
$170,000 - $179,999	3	3
$160,000 - $169,999	2	1
$150,000 - $159,999	2	3
$140,000 - $149,999	1	2
$130,000 - $139,999	1	0
$120,000 - $129,999	11	4
$110,000 - $119,999	2	4
$100,000 - $109,999	6	7
Total employees with remuneration above $100,000	**37**	**31**

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

One employee received compensation of S37,338 in relation to cessation of employment (2020: 3).

13. EMPLOYEE REMUNERATION (CONT'D)

Executive Team Remuneration

	Base Amount $000's	Short term incentive payments $000's	Total $000's
2021 Actual			
Chief Executive Officer	423	0	423
Chief Financial Officer	285	0	285
General Manager Strategy and Performance	244	0	244
General Manager Housing	249	0	249
General Manager Regeneration and Placemaking	199	0	199
General Manager Communications and Marketing	195	0	195
General Manager Social Transformation and Partnerships	204	0	204
General Manager Insights and Evaluation	197	0	197
Total Executive Team Remuneration	1,995	0	1,995
2020 Actual			
Chief Executive Officer	405	0	405
Chief Financial Officer	282	38	320
General Manager Strategy and Performance	247	17	263
General Manager Housing	249	25	274
General Manager Regeneration and Placemaking	199	14	213
General Manager Communications and Marketing	195	13	209
General Manager Social Transformation and Partnerships	61	0	61
General Manager Insights and Evaluation	68	0	68
Total Executive Team Remuneration	1,706	107	1,813

There were no long term incentives granted in the year.

14. EVENTS AFTER THE BALANCE DATE

After balance date we went into a lockdown due to Covid 19. During this time TRC continued to support the community with Kai.

15. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2021 Actual $000's	2020 Actual $000's
Financial assets - loans and receivables		
Cash and cash equivalents	5,592	2,438
Trade and other debtors	540	1,078
Total loans and receivables	**6,132**	**3,516**
Financial liabilities measured at amortised cost		
Creditors and other payables	14,391	8,999
Loan	0	0
Total financial liabilities measured at amortised cost	**14,391**	**8,999**

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 $4m less than Budget. Management fees charged by TRC Parent to THALP was incorrectly included in budgeted revenue and expenditure rather than being eliminated. The net effect on the reported variance is nil. Management fee income $6.6m below Budget due to the less expenses incurred by TRC Parent on behalf of TRL. Personnel costs $1.8m below budget relates to few unfilled positions of tenancy manager, cancelled SLT bonus and pay freeze for employees above $100k due to impact from COVID-19. Expenditure on Consultants and professional fees were below Budget by $2m due to a delay to the service delivery phases of the Whānau by Whānau programme and also due to spend on several Glen Innes town centre projects being deferred or delayed.

Statement of financial position

Total equity was $3.8m less than Budget at balance date due to the lower surplus described above. This was represented by Cash being $0.9m above Budget, Creditors (primarily Payable to TRL) being $13m above Budget and budgeted loan of $8m not required.

Statement of cash flows

Cash received $3.4m better than Budget due to better operating cashflows of $3.7m offset with $0.3m financing cashflows below Budget. The Actual Opening cash was $2.5m lower than Budget leading to overall Net cash of $5.6m being $0.9m less than Budget. Operating cashflows were improved through payments to suppliers being $3.7m better than Budget. Within Financing activities, the dividend received was $0.3m below Budget.

Independent Auditor's Report

To the readers of Tāmaki Redevelopment Company Limited Group's financial statements and performance information for the year ended 30 June 2021

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

Opinion

We have audited:

- the financial statements of the Group on pages 33 to 51, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Group on pages 9 to 26.

In our opinion:

- the financial statements of the Group on pages 33 to 51:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2021; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reduced Disclosure Regime Reporting Standards; and
- the performance information on pages 9 to 26:
    - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2021, including:
        - for each class of reportable outputs:
            - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

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

    - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 November 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

The Annual Report also includes other information. The Board is responsible for the other information. The other information comprises the information included on pages 1 to 8, 27 to 30 and 90 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 issued by the New Zealand Auditing and Assurance Standards Board.

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

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

TĀMAKI REGENERATION LIMITED
FINANCIAL STATEMENTS

For the year ended 30 June 2021

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TĀMAKI REGENERATION LIMITED
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2021

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 2021.

Signed on behalf of the Board:

Director
30 November 2021

Director
30 November 2021

TĀMAKI REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Revenue				
Receipts from land disposals		1,909	0	700
Sales of shared ownership properties	2	11,119	0	3,397
Income-related rent subsidies	2	48,210	46,777	45,506
Rental income from tenants	2	18,538	20,048	19,522
Recoveries from property damage		82	0	65
Other income		213	0	33
Total revenue		**80,071**	**66,825**	**69,222**
Expenditure				
Consultants and professional fees		264	205	544
Contractors and temporary staff		148	0	471
Legal expenses		36	165	270
Management fee expense		11,879	17,734	11,600
Cost of land disposed		11,468	0	4,230
Repairs and maintenance		24,810	24,424	17,617
Utilities and insurance		11,596	11,618	10,951
Other expenses	3	391	391	477
Total expenditure		**60,592**	**54,537**	**46,160**
EBITDAF*		**19,479**	**12,288**	**23,062**
Depreciation and amortisation expense	6	35,421	30,373	37,501
Loss on fair value on shared ownership properties	10	306	0	146
Loss on revaluation on commercial properties		82	0	0
Total fair value adjustments		388	0	146
Total depreciation, amortisation and fair value adjustments		35,809	30,373	37,647
EBIT		**(16,330)**	**(18,085)**	**(14,585)**
Interest income		1,437	200	444
Interest expense		0	0	28
Net interest income		**1,437**	**200**	**416**
(Deficit) before tax		**(14,893)**	**(17,885)**	**(14,169)**
Tax expense		0	0	0
(Deficit) for the year	8	**(14,893)**	**(17,885)**	**(14,169)**
Other comprehensive revenue and expense				
Gain on revaluation of freehold land		460,043	0	48,323
Gain on revaluation of rental properties		72,766	0	1,932
Total other comprehensive revenue and expense	8	**532,808**	**0**	**50,254**
Total comprehensive revenue and expense	8	**517,915**	**(17,885)**	**36,085**

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 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		68,322	30,641	52,929
Trade and other receivables	4	22,037	16,541	23,325
Inventories	5	21,529	3,973	6,105
Total current assets		**111,888**	**51,155**	**82,359**
Non-current assets				
Investment in shared ownership properties	10	4,015	2,512	1,160
Property, plant and equipment	6	2,461,448	1,861,376	1,893,370
Total non-current assets		**2,465,463**	**1,863,888**	**1,894,530**
Total assets		**2,577,351**	**1,915,043**	**1,976,889**
Liabilities				
Current liabilities				
Creditors and other payables	7	45,758	2,347	30,783
Total current liabilities		**45,758**	**2,347**	**30,783**
Total liabilities		**45,758**	**2,347**	**30,783**
Net assets		**2,531,593**	**1,912,696**	**1,946,106**
Equity				
Ordinary shares - TRC Parent		0	0	0
Preference shares - Crown		1,741,343	1,750,118	1,668,023
Revaluation reserve		988,351	423,171	458,746
Accumulated (deficit)		(198,101)	(260,593)	(180,663)
Total equity	8	**2,531,593**	**1,912,696**	**1,946,106**

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 29 October 2021.

Director
30 November 2021

Director
30 November 2021

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

	Notes	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2020		**1,668,023**	**458,746**	**(180,663)**	**1,946,106**
Total comprehensive revenue and expense					
(Deficit) for the year		0	0	(14,893)	**(14,893)**
Other comprehensive revenue and expense		0	532,808	0	**532,808**
Transfer of revaluation reserve on PPE derecognition		0	(3,203)	3,203	**0**
Total comprehensive revenue and expense		**0**	**529,605**	**(11,690)**	**517,915**
Owners' transactions					
Capital contribution		60,000	0	0	**60,000**
Dividend paid		0	0	(5,747)	**(5,747)**
Recognition of land previously derecognised	8	13,320	0	0	**13,320**
Total contributions and distributions		**73,320**	**0**	**(5,747)**	**67,573**
Balance at 30 June 2021	8	**1,741,343**	**988,351**	**(198,101)**	**2,531,593**

	Contributed capital Budget $000's	Revaluation reserve Budget $000's	Accumulated (deficit) Budget $000's	Total Budget $000's
Balance at 1 July 2020	**1,692,503**	**423,171**	**(236,708)**	**1,878,966**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(17,885)	**(17,885)**
Other comprehensive revenue and expense	0	0	0	**0**
Transfer of revaluation reserve on PPE derecognition	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(17,885)**	**(17,885)**
Owners' transactions				
Capital contribution	80,000	0	0	**80,000**
Dividends paid	0	0	(6,000)	**(6,000)**
Recogniton of land previously derecognised	(22,385)	0	0	**(22,385)**
Total contributions and distributions	**57,615**	**0**	**(6,000)**	**51,615**
Balance at 30 June 2021	**1,750,118**	**423,171**	**(260,593)**	**1,912,696**

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 2021

	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2019	**1,692,503**	**423,171**	**(174,123)**	**1,941,551**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(14,169)	**(14,169)**
Other comprehensive revenue and expense	0	50,254	0	**50,254**
Transfer of revaluation reserve on PPE derecognition	0	(14,679)	14,679	**0**
Total comprehensive revenue and expense	**0**	**35,575**	**510**	**36,085**
Owners' transactions				
Capital contribution	0	0	0	**0**
Dividend paid	0	0	(7,050)	**(7,050)**
Return of value to the Crown	(24,480)	0	0	**(24,480)**
Total contributions and distributions	**(24,480)**	**0**	**(7,050)**	**(31,530)**
Balance at 30 June 2020	**1,668,023**	**458,746**	**(180,663)**	**1,946,106**

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 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
Cash flows from operating activities				
Receipts from land disposals		56	0	3,466
Sales of shared ownership properties		11,158	0	0
Rental income from tenants		17,947	20,048	19,458
Income-related rent subsidies		47,989	46,777	45,212
Other revenue received		169	0	98
Payments to suppliers		(54,203)	(56,526)	(42,685)
Goods and services tax (net)		8,932	0	(6,448)
Net interest received/(paid)		0	0	416
Net cash flow from operating activities		**32,048**	**10,299**	**19,517**
Cash flow from investing activities				
Purchase of freehold land and rental properties		(69,557)	(104,152)	(20,407)
Investment in shared ownership properties		(2,788)	(2,375)	0
Net cash flow from investing activities		**(72,345)**	**(106,527)**	**(20,407)**
Cash flow from financing activities				
Dividend paid to TRC Parent		(5,747)	(6,000)	(7,050)
Preference share drawdown		60,000	80,000	0
Interest received		1,437	200	0
Loan repayments from/(provided to) TRC Parent		0	0	8,109
Net cash flow from financing activities		**55,690**	**74,200**	**1,059**
Net increase/(decrease) in cash and cash equivalents		**15,393**	**(22,028)**	**169**
Cash and cash equivalents at the beginning of the year		52,929	52,669	52,760
Cash and cash equivalents at the end of the year		**68,322**	**30,641**	**52,929**

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 2021

	Notes	2021 Actual $000's	2021 Budget $000's	2020 Actual $000's
(Deficit) for the year		**(14,893)**	**(17,885)**	**(14,169)**
Adjustments for:				
Depreciation		35,421	30,373	37,501
(Gain)/Loss on fair value of investment shared ownership properties		324	0	146
Revaluation Loss		82	0	0
Inventory costs		11,468	0	4,230
Interest received		(1,437)	(200)	416
Doubtful debt & bad debt adjustment		(34)	0	0
Changes in:				
Inventories		(14,786)	38	(18,655)
Trade and other receivables		1,321	(2,027)	(9,326)
Creditors and other payables		14,582	0	19,374
Net cash flow from operating activities		**32,048**	**10,299**	**19,517**

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 2021. They were approved by the Board on 30 November 2021.

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 31 to 51 of this Annual Report.

TRL cannot be included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This Annual Report also presents, on pages 82 to 89, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

Non-cash-generating assets

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

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

Creditors and other payables

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

Provisions

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

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

Financial instruments

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Income tax
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 exclusive of GST.

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

Budget
The budget figures are derived from the statement of performance expectations as approved by the Board on 30 June 2020. 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 2021. Fair value, using market-based evidence, is based on the highest and best use of the freehold land and rental properties, with reference to comparative sales values. There are no restrictions on the ability of TRL to sell freehold land and rental properties which would impair its value. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRL, and expected disposal proceeds from the future sale of the asset.

Derecognition of freehold land
At each balance date, we estimate the value of land to be derecognised through preference shares with the final value determined at completion of the project. At 30 June 2021 there was an increased amount of shared ownership properties which were not subject to derecognition.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements

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

Factors that indicate THALP is acting as a principal

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

Factors that indicate THALP is acting as an agent

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

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

Accounting standards issued but not yet effective

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, with early application permitted. TRL does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments

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

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. TRL has not yet determined how application of PBE FRS 48 will affect its statement of performance.

2. INCOME

Rental Income

	2021 Actual $000's	2020 Actual $000's
Income-related rent subsidies	48,210	45,506
Rental income from tenants	18,538	19,522
Total rental revenue	**66,750**	**65,030**

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 $5.7m (2020: $5.5m).

Sales of shared ownership properties

	2021 Actual $000's	2020 Actual $000's
Sales of shared ownership properties	11,119	3,397

TRL derives income from the sale of shared ownership properties under the shared ownership programme. Refer to Note 10.

3. OTHER EXPENSES

	2021 Actual $000's	2020 Actual $000's
Fee paid to Audit New Zealand for audit of 2020/21 financial statements	97	0
Fee paid to Audit New Zealand for audit of 2019/20 financial statements	0	94
Fee paid to Audit New Zealand for audit of 2018/19 financial statements	0	23
Fees to Audit New Zealand for assurance services	0	32
IT support and licence fees	28	51
Bad and doubtful debts	21	74
Power for communal areas in public housing	70	78
Recruitment and training	2	17
Other	173	108
Total other expenses	**391**	**477**

4. TRADE AND OTHER RECEIVABLES

	2021 Actual $000's	2020 Actual $000's
Trade receivables	6,760	4,914
Receivable from THALP* (non-exchange)	2,075	809
Receivable from TRC Parent* (non-exchange)	0	540
Payment advanced to TRC Parent* (non-exchange)	10,136	0
Prepayment to TRC Parent* (non-exchange)	0	6,334
Income related rental receivable (non-exchange)	1,614	1,393
Receivable from tenants (non-exchange)	420	492
Prepayments (exchange)	1,162	1,233
GST receivable (exchange)	0	8,659
Trade and other receivables at face value	**22,167**	**24,374**
Less: allowance for credit losses	(130)	(1,050)
Total trade and other receivables	**22,037**	**23,325**

*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

	2021 Actual $000's	2020 Actual $000's
Balance at 1 July	6,105	1,328
Additions	1,816	1,710
Transfers from/(to) property, plant and equipment	14,399	33,960
Disposals	(34,620)	(25,887)
Recognition/(Derecognition) of freehold land through preference shares*	33,829	(5,007)
Balance at 30 June	**21,529**	**6,105**

*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 2019	0	16,315	1,532,872	335,685	**1,884,872**
Balance at 30 June 2020	0	14,190	1,554,470	324,710	**1,893,370**
Additions during the year	5,824	25,536	64,734	40,248	**136,341**
Revaluations during the year	(124)	0	443,290	39,004	**482,171**
Disposals during the year	0	(13,612)	(21,079)	(1,620)	**(36,312)**
Transfers to inventories during the year	0	0	(14,398)	276	**(14,122)**
Balance at 30 June 2021	**5,700**	**26,113**	**2,027,017**	**402,618**	**2,461,448**
Accumulated depreciation					
Balance at 30 June 2019		0	0	0	**0**
Balance at 30 June 2020	0	0	0	0	**0**
Depreciation charge for the year	42	0	0	35,379	**35,421**
Disposals during the year	0	0	0	(1,616)	**(1,616)**
Revaluations during the year	(42)	0	0	(33,763)	**(33,804)**
Balance at 30 June 2021	0	**0**	**0**	**0**	**0**
Carrying amounts					
Balance at 30 June 2019	0	16,315	1,532,872	335,685	**1,884,872**
Balance at 30 June 2020	0	14,190	1,554,470	324,710	**1,893,370**
Balance at 30 June 2021	**5,700**	**26,113**	**2,027,017**	**402,618**	**2,461,448**

There are no restrictions on TRL's property, plant and equipment (2020: nil).

The independent registered valuer, Quotable Value Limited, has determined that there is no material impact of the COVID-19 pandemic on the valuation of TRL's property, plant and equipment as at 30 June 2021. Notwithstanding this determination, TRL's property, plant and equipment is subject to inherent market uncertainty as a result of the COVID-19 pandemic.

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

Investments in joint operations

TRL and Ngāi Tai Ki Tāmaki have entered into a joint arrangement 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%, this is the participating interest as at 30 June 2021.

We have classified the arrangement as a joint operation based on the fact that the parties have joint control in the agreement and that there is a binding agreement between the parties which requires unanimous consent over relevant activities to the arrangement. TRL's interest in the joint operation is accounted for using the accounting in accordance with paragraphs 23 and 24 of PBE IPSAS 37. The parties have agreed to share the income and expenses equally for the first 5 years until the equity of Ngāi Tai Ki Tāmaki has reached 25%. Any capital gains will be split 75% to Ngāi Tai Ki Tāmaki and 25% to TRL until the participating interest of Ngāi Tai Ki Tāmaki has reached 25%. There was a loss on revaluation at balance date, which was allocated at the initial participating interest per the joint arrangement agreement. 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:

	2021 Actual $000's	2020 Actual $000's
Assets	2,800	0
Liabilities	0	0

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

	2021 Actual $000's	2020 Actual $000's
Revenue	0	0
Expenses	0	0

7. CREDITORS AND OTHER PAYABLES

	2021 Actual $000's	2020 Actual $000's
Creditors	4,612	4,073
Accrued expenses	40,297	25,747
Payable to TRC Parent*	0	821
Payable to THALP*	10	10
GST payable	687	0
Revenue in advance	152	132
Total creditors and other payables	**45,758**	**30,783**

*TRC Parent legally owns TRL and is therefore a related party of TRL. Refer to Note 8. 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) components of equity are classed as ordinary capital.

Preference shares
An original tranche of preference shares, valued at $1 per share and held by the Crown, were issued in 2016 upon incorporation of TRL, in exchange for property, plant and equipment, inventories and trade and other receivables previously held by Kāinga Ora. The Crown approved $300m equity funding as part of the 2018 Budget Estimates which would be drawn down as cash in tranches in exchange for issuance of further preference shares in TRL at $1 per share. $60m in cash was drawn down in exchange for 60m preference shares issued during the year. (2020: 0 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 value of land transferred to Kāinga Ora in the past 2 financial years. See the Critical Accounting Judgements section of Note 1: Statement of Accounting Policies for more information on the Umbrella Agreement and relevant accounting judgements made in these financial statements.

8. EQUITY (CONT'D)

Preference shares (cont'd)

Subscription agreement between Crown and TRL

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

Accounting treatment of preference shares

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

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.

	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Revaluation reserve as at 1 July 2019	337,659	85,512	**423,171**
Gain/(loss) on revaluation for the year	48,323	1,932	**50,255**
Transfers to retained earnings on disposal of PPE	(11,938)	(2,742)	**(14,680)**
Revaluation reserve as at 1 July 2020	374,044	84,702	**458,746**
Gain/(loss) on revaluation for the year	460,043	72,766	**532,808**
Transfers to retained earnings on disposal of PPE	(3,297)	94	**(3,204)**
Amount recognised in Statement of Changes in Equity	**830,789**	**157,561**	**988,351**

QV have valued the commercial properties at a loss at year end 2021. The decrease in value has been shown as a loss on revaluation on commercial properties in the statement of comprehensive revenue and expenses and not in the revaluation reserve.

8. EQUITY (CONT'D)

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:

	2021 Actual $000's	2020 Actual $000's
Not later than one year	43,269	43,467
Later than one year not later than five years	4,361	21,144
Later than five years	0	0
Total capital commitments	**47,630**	**64,611**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES

	2021 Actual $000's	2020 Actual $000's
Balance at 1 July 2020	1,160	0
Additional shared ownership investments made	3,348	1,306
Year end adjustment to market value	722	118
Present value of TRL's foregone share of net rentals	(1,087)	(264)
Buy out of shared ownership investment	(129)	0
Balance at 30 June 2021	**4,015**	**1,160**

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

Background on the shared ownership programme

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

After successful implementation of a pilot in the previous financial year, TRL obtained approval from the Associate Minister of Housing (Public Housing) in August 2020 to expand the shared ownership programme to 1,500 homes over the next 20 years. This approval also includes 500 rent-to-buy homes. Rent-to-buy allows the whānau to tenant the property from TRL for up to 5 years until they are ready to settle into shared ownership. Whānau with a household income of up to $85,000 are eligible. The rent-to-buy programme allows for whānau to obtain a 50% share of the capital gains in the property over the rental period. TRL charges an affordable rental and whānau are required to complete a financial capability programme prior to settling into shared ownership. This allows whānau to pay down their debt and save towards a deposit. As at balance date, no 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 will be 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.

	2021 Actual $000's	2020 Actual $000's
Market value of shared ownership properties ($000's)	18,875	4,240
TRL weighted percentage share in the properties (%)	28%	34%
Proportionate value of TRL's investment ($000's)	5,323	1,424
Present value of TRL's foregone share of net rentals ($000's)	(1,308)	(264)
Fair value of shared ownership properties ($000's)	**4,015**	**1,160**

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	1.7%
Interest rate assumptions	3% for first 3 financial years from balance date to 6.5% by 2045 financial year
Household income growth	2.7%
Weighted average cost of capital	3.5%

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

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

Sensitivity analysis

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

	Base Input	Effect of 1% increase ($000's)	Effect of 1% decrease ($000's)
Market value inflation	7% / 4%	0	0
Market rent inflation	3%	0	0
Cost price inflation	1.7%	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 2021 (2020: 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 an 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 $17.8m for nil accounting consideration in 2021 (2020: $50.1m). 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.

	2021 Actual $000's	2020 Actual $000's
Management fee expense paid to THALP	5,712	5,526
Management fee expense paid to TRC	5,362	5,879

Key management personnel compensation

	2021 Actual	2020 Actual
Leadership Team		
Remuneration ($000's)	490	524
Full-time equivalent members	2.00	2.00

TRL has no employees. The activities of TRL are conducted by employees of TRC Parent, the cost of which is on charged to TRL via a management fee. Included in the key management personnel remuneration and full-time equivalent members disclosures above are an allocation of TRC Parent key management personnel who are involved in the management of TRL. No close family members of TRC Parent key management personnel are employed by TRL or TRC Parent. There are no loans made to key management personnel of TRC Parent or close family members. (2020: 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 (2020: 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, $4,067k of the total management fee expense shown in surplus or deficit related to TRC personnel costs (2020: $3,601k). TRL paid no employees more than $100,000 remuneration during the year and no employees received compensation or other benefits in relation to cessation (2020: nil).

15. EVENTS AFTER THE BALANCE DATE

After balance date we went into a lockdown due to Covid 19. The lockdown had an impact on the timing of the maintenance programme which is experiencing delays. The programme is expected to be back on schedule in 2022.

16. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2021 Actual $000's	2020 Actual $000's
Financial assets measured at fair value		
Cash and cash equivalents	68,322	52,929
Trade and other debtors	22,037	23,325
Investment in shared ownership properties	4,015	1,160
Total loans and receivables	**94,374**	**77,414**
Financial liabilities measured at fair value		
Creditors and other payables	45,758	30,783
Total financial liabilities measured at fair value	**45,758**	**30,783**

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 continue 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.

	2021 Actual $000's	2020 Actual $000's
Counterparties with credit rating		
Cash at Bank		
AA-	68,322	52,929
Total cash at bank	**68,322**	**52,929**
Counterparties without credit rating		
Counterparty with no defaults in the past	22,037	23,325
Counterparty with defaults in the past	0	0
Total receivables	**22,037**	**23,325**

(d) Liquidity Risk

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

Contractual maturity analysis of financial liabilities

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

	Carrying amount $000's	Contractual cash flow $000's	Less than 6 months $000's	6 to 12 months $000's	More than a year $000's
2021					
Creditors and other payables	45,758	45,758	45,758	0	0
Total	**45,758**	**45,758**	**45,758**	**0**	**0**
2020					
Creditors and other payables	30,783	30,783	30,783	0	0
Total	**30,783**	**30,783**	**30,783**	**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, if they default, 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 $535.8m more than budgeted for FY21. **The biggest component of the variance is revaluation.** 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 $77k compared to budget reflects more houses tenanted than budgeted (2510 houses tenanted versus 2,474 budgeted). Sales of shared ownership properties were $11.1m higher than budget due to sales realised but not budgeted for as the shared ownership pilot programme was in its development stage.

Depreciation was $5.0m higher than budgeted due to some properties having redevelopment scheduled earlier than originally assumed which reduced their remaining useful lives and accelerated depreciation cost.

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

Property, plant and equipment (PPE) was $600m higher than budget. This was mainly due to revaluation gain on PPE which was not provided for in the budget.

Creditor and other payables were $43.4m higher than budget mainly due to service fees payable to Kāinga Ora which were outstanding at balance date.

There is an increase of equity of $618.9m over budget, this is predominantly caused by the increase in revaluation of both freehold land and rental properties ($460.0m free hold land, $72.8m rental properties). Furthermore, the increase is broadly in-line with market trends in the Tamaki area (approx 30%) as per QV assessment.

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

Statement of cash flows

Net cash flows from operating activities are $21.7m over budget mainly due to $11.1m received from shared ownership sales & Goods and Service tax refund of $8.9m.

Net cash flow from investing activities is $34.2m lower than budgeted due to less buybacks of social housing compared to budget.

Net cash flows from financing activities are $18.5m lower than budgeted because actual preference share drawdown was $60.0m during the year and not $80.0m.

Independent Auditor's Report

To the readers of Tāmaki Regeneration Limited's financial statements and performance information for the year ended 30 June 2021

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

Opinion

We have audited:

- the financial statements of the Company on pages 56 to 84, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, 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 26.

In our opinion:

- the financial statements of the Company on pages 56 to 84:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 9 to 26:
  - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2021, including for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 November 2021. 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, 27 to 30 and 90 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 issued by the New Zealand Auditing and Assurance Standards Board.

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

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

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TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP FINANCIAL STATEMENTS (UNAUDITED)

For the year ended 30 June 2021

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TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2021

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
30 November 2021

Director
30 November 2021

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (UNAUDITED)
For the year ended 30 June 2021

	2021 Actual Unaudited $000's	2021 Budget Unaudited $000's	2020 Actual Unaudited $000's
Revenue			
Receipts from land disposals	1,909	0	700
Sales of shared ownership properties	11,119	0	3,397
Rental income from tenants	18,538	20,048	19,522
Income-related rent subsidies	48,210	46,777	45,506
Recoveries from property damage	82	0	65
Other income	267	75	79
Total revenue	**80,125**	**66,900**	**69,268**
Expenditure			
Personnel costs	10,693	12,477	9,694
Consultants and professional fees	4,006	5,944	2,988
Contractors and temporary staff	219	38	515
Directors fees	213	179	248
Legal expenses	134	236	357
Cost of land disposed	11,468	0	4,230
Repairs and maintenance	24,833	24,424	17,633
Utilities and insurance	11,680	11,700	11,025
Other expenses	5,913	4,387	5,103
Total expenditure	**69,159**	**59,385**	**51,793**
EBITDAF*	**10,966**	**7,515**	**17,475**
Depreciation and amortisation expense	35,542	30,478	37,643
(Gain)/loss on fair value on shared ownership properties	306	0	146
(Gain)/loss on fair value on commercial properties	82	0	0
Total fair value adjustments	388	0	146
Total depreciation, amortisation and fair value adjustments	**35,930**	**30,478**	**37,789**
EBIT	**(24,964)**	**(22,963)**	**(20,314)**
Interest income	1,446	200	453
Interest expense	0	0	28
Net interest income	**1,446**	**200**	**425**
(Deficit) before tax	**(23,518)**	**(22,763)**	**(19,889)**
Tax expense	0	0	0
(Deficit) for the year	**(23,518)**	**(22,763)**	**(19,889)**
Other comprehensive revenue and expense			
Gain on revaluation of freehold land	460,043	0	48,323
Gain on revaluation of rental properties	72,766	0	1,932
Total other comprehensive revenue and expense	**532,808**	**0**	**50,254**
Total comprehensive revenue and expense	**509,290**	**(22,763)**	**30,365**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2021

	2021 Actual Unaudited $000's	2021 Budget Unaudited $000's	2020 Actual Unaudited $000's
Assets			
Current assets			
Cash and cash equivalents	73,914	35,335	55,367
Trade and other receivables	10,007	8,606	7,240
Inventories	21,529	3,973	6,105
Total current assets	**105,450**	**47,914**	**68,712**
Non-current assets			
Investment in shared ownership properties	4,015	2,512	1,160
Property, plant and equipment	2,461,745	1,861,658	1,893,649
Intangible assets	3	12	11
Total non-current assets	**2,465,763**	**1,864,182**	**1,894,820**
Total assets	**2,571,213**	**1,912,096**	**1,963,532**
Liabilities			
Current liabilities			
Creditors and other payables	47,579	3,706	22,587
Annual leave liability	667	528	588
Total current liabilities	**48,246**	**4,234**	**23,175**
Total liabilities	**48,246**	**4,234**	**23,175**
Net assets	**2,522,967**	**1,907,862**	**1,940,357**
Equity			
Ordinary shares - Crown	5,000	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500	3,500
Preference shares - Crown	1,741,343	1,750,118	1,668,023
Revaluation reserve	988,351	423,171	458,747
Accumulated (deficit)	(215,227)	(273,927)	(194,913)
Total equity	**2,522,967**	**1,907,862**	**1,940,357**

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 29 October 2021.

Director
30 November 2021

Director
30 November 2021

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2021

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2020	**1,676,523**	**458,747**	**(194,913)**	**1,940,357**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(23,518)	**(23,518)**
Other comprehensive revenue and expense	0	532,808	0	**532,808**
Reversal of revaluation reserve on PPE derecognition	0	(3,203)	3,203	**0**
Total comprehensive revenue and expense	**0**	**529,605**	**(20,315)**	**509,290**
Owners' transactions				
Capital contribution	60,000	0	0	**60,000**
Recognition of land previously dereognised	13,320	0	0	**13,320**
Total contributions and distributions	**73,320**	**0**	**0**	**73,320**
Balance at 30 June 2021	**1,749,843**	**988,352**	**(215,229)**	**2,522,967**

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's
Balance at 1 July 2020	**1,701,003**	**423,171**	**(251,164)**	**1,873,010**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(22,763)	**(22,763)**
Other comprehensive revenue and expense	0	0	0	**0**
Reversal of revaluation reserve on PPE derecognition	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(22,763)**	**(22,763)**
Owners' transactions				
Capital contribution	80,000	0	0	**80,000**
Recognition of land previously derecognised	(22,385)	0	0	**(22,385)**
Total contributions and distributions	**57,615**	**0**	**0**	**57,615**
Balance at 30 June 2021	**1,758,618**	**423,171**	**(273,927)**	**1,907,862**

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 2021

	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 2019	**1,701,003**	**423,171**	**(189,703)**	**1,934,471**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(19,889)	**(19,889)**
Other comprehensive revenue and expense	0	50,254	0	**50,254**
Reversal of revaluation reserve on PPE derecognition	0	(14,679)	14,679	**0**
Total comprehensive revenue and expense	**0**	**35,576**	**(5,210)**	**30,365**
Owners' transactions				
Capital contribution	0	0	0	**0**
Return of value to the Crown	(24,480)	0	0	**(24,480)**
Total contributions and distributions	**(24,480)**	**0**	**0**	**(24,480)**
Balance at 30 June 2020	**1,676,523**	**458,747**	**(194,913)**	**1,940,356**

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 2021

	2021 Actual Unaudited $000's	2021 Budget Unaudited $000's	2020 Actual Unaudited $000's
Cash flows from operating activities			
Land receipts payable to Kāinga Ora	0	0	21,989
Receipts from land disposals	56	0	2,089
Sales of shared ownership properties	11,158	0	0
Rental income from tenants	17,947	20,048	19,475
Income-related rental subsidies	47,989	46,777	45,212
Other revenue received	352	75	128
Payments to suppliers	(45,843)	(50,257)	(54,180)
Payments to employees	(10,633)	(12,477)	(9,443)
Goods and services tax (net)	8,608	0	(7,902)
Net interest received/(paid)	1,446	200	425
Net cash flow from operating activities	**31,080**	**4,366**	**17,793**
Cash flow from investing activities			
Purchase of property, plant and equipment	(69,745)	(104,267)	(19,061)
Investment in shared ownership properties	(2,788)	(2,375)	0
Purchase of intangible assets	0	0	(6)
Net cash flow from investing activities	**(72,533)**	**(106,642)**	**(19,067)**
Cash flow from financing activities			
Loan drawn from Crown	0	0	0
Preference share drawdown	60,000	80,000	0
Net cash flow from financing activities	**60,000**	**80,000**	**0**
Net (decrease)/increase in cash and cash equivalents	**18,547**	**(22,276)**	**(1,274)**
Cash and cash equivalents at the beginning of the year	55,367	57,611	56,641
Cash and cash equivalents at the end of the year	**73,914**	**35,335**	**55,367**

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 2021 in one set of financial statements. Such a presentation must 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.