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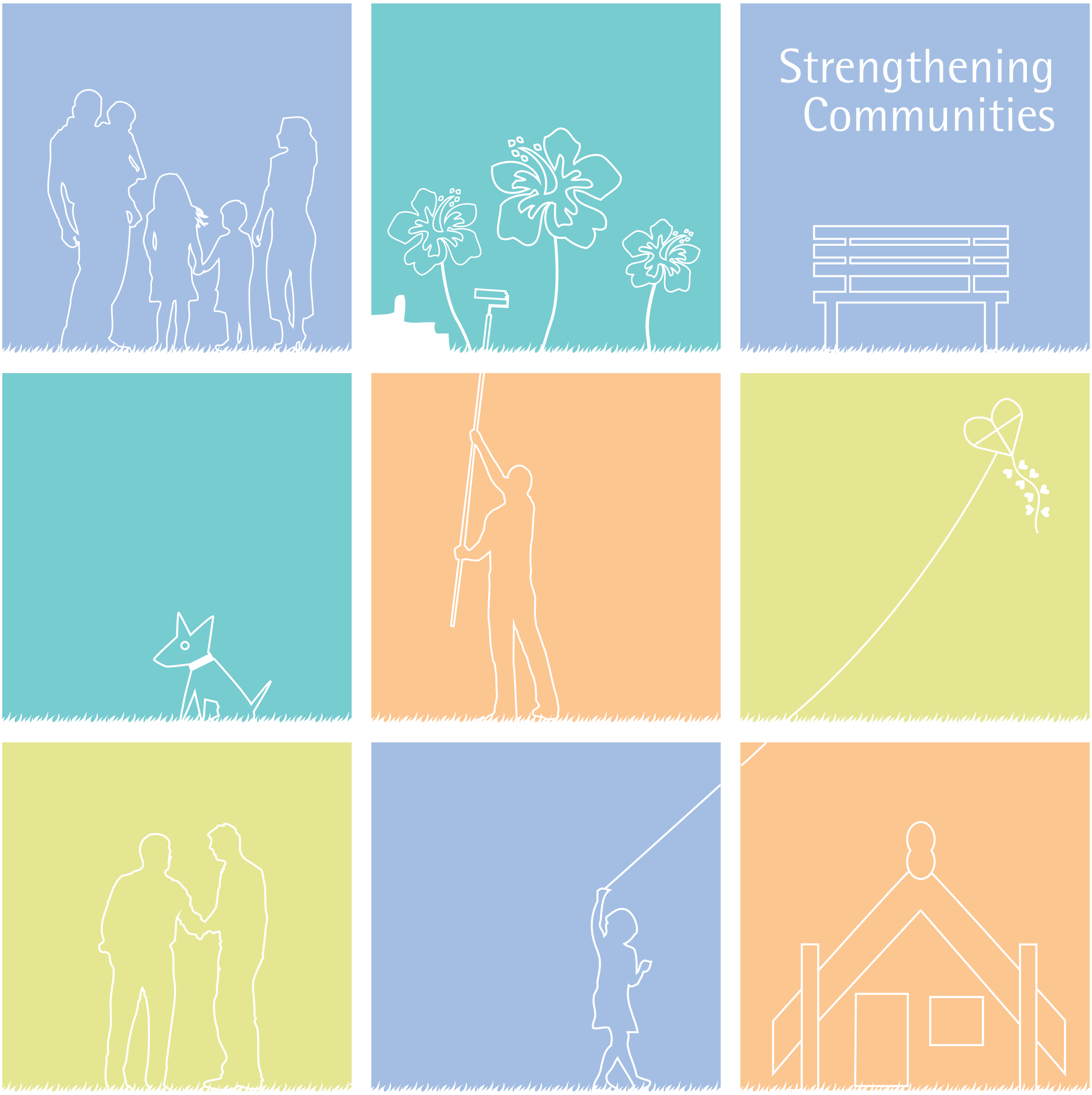
Housing New Zealand
Housing New Zealand Corporation

Annual Report 2007/08



Contents

The Annual Report of Housing New Zealand Corporation for the year ended 30 June 2008 is presented to the House of Representatives in accordance with section 42 of the Housing Corporation Act 1974 (as amended) and Part V of the Public Finance Act 1989 (as in force before the commencement of the Crown Entities Act 2004) and section 152 of the Crown Entities Act 2004. It includes:

- the financial statements of Housing New Zealand Corporation and its subsidiaries, in accordance with section 41 of the Public Finance Act 1989 (as in force before the commencement of the Crown Entities Act 2004)
- the financial statements for the Housing Agency Account, in accordance with section 34 of the Housing Act 1955
- a report on the administration of Housing New Zealand Corporation for the year ended 30 June 2008.

It is my pleasure to provide this introduction to Housing New Zealand Corporation's Annual Report for the 2007/08 financial year.

The Corporation has performed well meeting most of its targets. Where we have just missed our goals it has been in the areas of acquisitions, leasing and home loan products. Our own lending products have been affected with lower-than-expected uptake of Welcome Home Loans and a reduction in papakāinga lending, although enrolments for education in home ownership were met.

Undoubtedly this has been the most volatile year for the housing market in the last decade. After years of rising prices and low interest rates we saw the affordability of housing extend beyond the reach of low income New Zealanders. The recent impact of the sub-prime crisis in the financial sector has affected the housing market worldwide and we have felt its impact with house sales reducing in number. If this ultimately impacts on prices it is possible we may yet see a positive improvement in home affordability.

To bridge some of the gap, this year we saw the launch of the Shared Equity product that provides Government support for first-home buyers with the size of their initial mortgage.

We recognise our responsibilities as the country's biggest residential landlord, with over 68,000 houses. In the course of the last year we offered additional housing for nearly 10,000 more households. We spent over $190 million in maintenance, and continued with six significant programmes of community renewal that look to improve areas with a history of poor housing and social deprivation through community development and physical reshaping of our housing stock.

This emphasis on community renewal is shaping our future strategic thinking as we seek to utilise the strengths of the community along with innovative whole-of-government social service delivery to our tenants. Now that two-thirds of our housing stock is 30 years or older we will see the future opportunities for building upgrades in a much wider community context.

The Community Renewal programme is a tangible example of the partnership approach. Communities and agencies work together on projects such as building parks, improving buildings, providing better access to affordable community services and increasing neighbourhood safety and reducing crime.

2007/08 Statement of Intent performance indicators reflected our strategic shift of focus to the customer. The indicators required the Corporation to deliver services not only to a wide range of clients, but also in partnership with them. Housing New Zealand tenants, local government, iwi, social housing providers, renters, and other government agencies were part of that journey. We now measure our tenant satisfaction – that survey revealed that 71 percent of customers are satisfied with the Corporation's service. This is not surprising given the number of programmes carried out in 2007/08 that looked after the tenant, either indirectly or directly.

Our partnership approach is also reflected in our work with local government, iwi and social housing providers. We encouraged community-based organisations, iwi and local government to expand their role as providers of sustainable, long-term housing through the Housing Innovation Fund. In addition, policy continued to work on ways to meet the needs of a growing social sector.

The Corporation has demonstrated it can make a valuable contribution to the Government's policy work on housing affordability. It successfully designed and implemented the Shared Equity pilot scheme, provided advice on the development of the Affordable Housing: Enabling Territorial Authorities Bill, the Tamaki Transformation Project, the KiwiSaver home deposit subsidy and housing on Māori freehold land.

The Corporation's asset management framework project is the Corporation's direct response to the Crown's review of asset management practices in government departments and Crown agencies led by the Treasury.

2007/08 was a successful year of change. A new Executive Team and a new operating model shifted focus to serve the needs of the community and deliver on our Statement of Intent measures.

Patrick N Snedden
Chairman

I am pleased to present the Annual Report for 2007/08 – a year that reflects a huge work effort from staff and management. This has been a challenging year, with housing affordability a significant issue, and families under increasing pressure from the impacts of the global economic credit crisis. New Zealand, while being well placed as a country, is still affected by these global trends. In this environment we need to respond proactively to people with housing needs.

2007/08 was my first full year as the Chief Executive of Housing New Zealand Corporation. My focus has been to build on the Corporation's capability to demonstrate excellence in its performance. It began with the recruitment of a new Executive Team and creating a new operating model to help us deliver on strategic priorities and provide a better service to customers.

The six business priorities and the performance measures we report against here are illustrative of the many initiatives under way to meet the growing housing need within New Zealand.

Priority one

Priority one (page 7) reflects a commitment to long-term sustainable housing solutions through the Healthy Housing programme, modernisation and maintenance of existing homes, Community Renewal projects and the energy efficiency programme. An indication of the level of achievement under this priority is the fact that the Eastern Porirua Community Renewal programme is a finalist in the New Zealand Safety Awards for its annual street makeover programme.

Priority two

As at 30 June 2008, the Corporation managed 68,644 properties that serve as homes for over 200,000 people. During 2007/08, the Corporation assisted around 9,400 families into state housing. We reintroduced a tenant satisfaction survey to gauge our service and are pleased with the result. Our target was to achieve 70 percent satisfaction with our service; we achieved 71 percent. This is reported on page 11.

Priority three

The Corporation's response to the issue of housing affordability is evidenced in the work under business priority three (page 15). We demonstrated how policy advice translates into action through the successful launch of the Shared Equity scheme. This product was developed in record time. Also achieved was the launch of *Te Au Roa*, the Māori Strategic Plan, and the associated building of capability and resources in this area to enable us to deliver on our commitments in future years.

Priority four

Priority four (page 18) illustrates how we work in partnership with local authorities, community providers and iwi to provide and finance social and affordable housing for New Zealanders. Our response to emergency housing needs in South Auckland and the development of a 90-day action plan, coupled with our longer-term national response to the issue, is a good example of how working collaboratively with other agencies can lead to more successful outcomes for those in need.

Priority five

An important achievement under priority five (page 20) was the completion of a review of our financial governance. Responsibility for housing stock worth over $15 billion requires vigilant stewardship. The review of the Corporation's financial governance was carried out in conjunction with the Department of Building and Housing and the Treasury, and recommendations will be implemented in the coming year.

The recruitment and development of leadership has been a priority within the Corporation. A highly capable Executive Team is now in place, leading the changes required in the business.

Priority six

Priority six (page 23) reflects the importance of the Corporation's role of policy advisor to the Government on housing. A major focus of the policy work programme in 2007/08 was housing affordability, and we worked in collaboration with other agencies to provide advice and a range of options to the Government. The Corporation also led the development of the business case for the Tamaki Transformation Programme, and work on land supply. We supported the development of the Affordable Housing: Enabling Territorial Authorities Bill, the Shared Equity scheme, the KiwiSaver home deposit subsidy, and housing on Māori freehold land.

Without a doubt it has been a busy year of challenges and achievements. I am pleased with the progress made towards my focus on performance and excellence in service delivery. I want to acknowledge the Corporation's staff and management for their contribution and support during a time of transition to our new direction. The dedication and commitment of the people who work for the Corporation continues to make a positive difference to the quality of life of many New Zealanders.

Dr Lesley McTurk
Chief Executive

Outcomes framework

The outcomes framework illustrates the underlying principles of the Corporation's business and what it aims to achieve through its work. The framework shows how the Corporation's work contributes towards achieving the Government's goals while making a positive difference to the lives of New Zealanders.

The following diagram describes how the Corporation aligns with Government goals through its outcomes and outputs.

Figure 1: Outcomes framework

Government Goals

Economic Transformation
National Identity
Families – Young and Old

Housing New Zealand Corporation Mission Statement

Housing New Zealand Corporation provides access to decent homes, helping New Zealanders manage their own circumstances and contribute to community life

Housing New Zealand Corporation Outcomes

A supply of good quality, affordable housing
Provide a good supply of rental and social housing that is appropriate to changing need

Sustainable housing solutions
New Zealanders have the capacity to obtain and maintain housing, and to contribute to cohesive and effective communities

Housing New Zealand Corporation Key Business Priorities

- Build diverse, strong and sustainable communities
- Understand that housing is more than a roof over people's heads
- Innovate in the development and delivery of services
- Lever partnerships with community and private organisations
- Develop organisational capacity to improve productivity
- Share responsibility for the New Zealand Housing Strategy

Housing New Zealand Corporation Output Classes

- Purchase of housing policy advice and research and evaluation
- Purchase of education, information, capacity building and services from third sector providers
- Purchase of housing-related services including capacity building with third sector providers, Community Renewal and Healthy Housing
- Payments made to HNZC and other mortgage providers to compensate for the difference between the cost of funds and rate at which funds are lent
- Subsidy provided to HNZC to compensate for the difference between assessed income-related and market rentals
- Capital injections to HNZC to give effect to Government policy decisions around acquisition, modernisation and other housing interventions

NEW ZEALAND HOUSING STRATEGY

Vision Statement

'All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs'

Programme of Action

- Work to bring about sustainable housing supply
- Improve housing assistance and affordability
- Improve access to home ownership
- Develop the private rental sector
- Improve housing quality
- Strengthen housing sector capability
- Meet diverse needs

Strategic framework

Housing New Zealand Corporation is a Crown entity under the Crown Entities Act 2004 and operates under the Housing Corporation Act 1974.

Managing 68,644 properties for over 200,000 New Zealanders, the Corporation is New Zealand's largest social landlord.

The Government seeks to transform New Zealand through a programme of change centred on three themes: Economic Transformation, National Identity and Families – Young and Old. These themes reinforce one another and are supported by the seven areas of action in the Government's *New Zealand Housing Strategy* (the strategy).

The strategy provides a framework and direction for government activity in the housing sector over the next seven years. The vision for the strategy is: 'All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs.'

The strategy has seven areas of action that the Corporation either leads or contributes to with other agencies in the housing sector.

- Area one: Supply of sustainable housing
- Area two: Improved housing assistance and affordability
- Area three: Improved access to home ownership
- Area four: Development of the private rental sector
- Area five: Improved housing quality
- Area six: Strengthened housing sector capability
- Area seven: Meeting diverse needs

Housing New Zealand Corporation's mission is: 'To provide New Zealanders with access to decent homes, helping them to manage their own circumstances and contribute to community life.'

The Corporation has two outcomes that describe how it will achieve this.

1. Supply good quality, affordable housing that is appropriate to changing needs. This outcome focuses on interventions that improve or increase the overall supply and distribution of affordable housing across the sector.
2. New Zealanders have the capacity to obtain and maintain housing and to contribute to cohesive and effective communities. This outcome focuses on interventions that strengthen the ability of individuals, households and communities to achieve their own housing solutions.

Achievements in 2007/08

This section contains an overview of the Corporation's achievements against the performance measures in the 2007/08 Statement of Intent. The achievements are reported within a business priority. For ease of identification, performance against a measure is identified by the symbol .

Priority one

Build diverse, strong and sustainable communities

During 2007/08 the Corporation:

- reconfigured its housing stock
- identified specific solutions for the Auckland region
- undertook six Community Renewal programmes
- implemented 939 Healthy Housing solutions
- modernised state housing to appropriately defined standards
- conducted regular maintenance on existing housing.

Living in a community marked by social and economic disadvantage can have a negative effect on people's health, wellbeing and safety. The Corporation addresses this by promoting and creating diverse communities and fostering good community facilities – schools, open spaces, transport links, shops and employment.

Auckland is a particular challenge. Over 40 percent of the Corporation's housing is in the Auckland area and demand is growing. The Government expected the Corporation to develop a strategy for Auckland to guide future planning and support those most in need of housing assistance.

A key factor in the success of social housing interventions is the formation of partnerships with other government agencies, community organisations and business partners.

This priority reflects a commitment to long-term sustainable housing solutions through the Healthy Housing programme, modernisation and maintenance of existing homes, Community Renewal projects and the energy efficiency retrofit programme.

The financial costs of this priority can be found on pages 26-29.

What was achieved

An Auckland strategy

Auckland is experiencing sustained population growth disproportionate to the rest of New Zealand. To deal with growth and increased pressures within the housing market in the Auckland region, the Corporation has identified a need to develop Auckland-specific housing solutions.

The measure was to develop and implement a definitive Auckland strategy by 30 June 2008. While the overall measure was not achieved, the strategy was partially completed. Work is continuing on the strategy, which will now be finalised and implemented in 2008/09.

The Housing New Zealand Corporation Development Guide

Relying solely on the New Zealand Building Code is not sufficient for social housing. The Housing New Zealand Corporation Development Guide is a practical response to the challenge of raising the standard of social housing provided in New Zealand. The Development Guide provides a design framework to be used as a tool when constructing and reconfiguring state houses.

The measure was to ensure that 100 percent of all property developments referenced and considered the Development Guide. This measure was achieved, with 100 percent compliance.

The property condition standard

The Corporation inspects all homes once a year against a property condition standard. The inspection checks the condition of the home, ensures it is maintained to Corporation standards, confirms the property meets the Building Act and fire safety regulations, and checks that smoke detectors are in place and working.

Properties that have nine or fewer maintenance defects recorded are reported as compliant, in that they meet the property condition standard.

The measure was to ensure that more than 88 percent of state houses were maintained against the property condition standard. This measure was achieved, with 88.6 percent of houses maintained to the required standard.

Energy efficiency retrofits

The Corporation is committed to providing drier, warmer, healthier homes for tenants. Since 2001, the Corporation has retrofitted homes built pre-1978, before insulation was mandatory. About 16,500 state houses have been insulated to date. The energy efficiency retrofit programme has now been reprioritised to retrofit the remaining 21,000 properties within five years.

An energy efficiency retrofit may include:

- ceiling and under-floor insulation
- hot water cylinder wraps and pipe lagging
- draught stops
- improved ventilation.

The benefits from undertaking this programme include:

- improved occupant health
- cost savings to the tenant on energy use
- reduced maintenance, arrears, turnover and fewer complaints
- reduced greenhouse gas emissions.

The measure was to energy retrofit 2,150–2,300 state houses. This measure was achieved, with 2,296 properties completed.

Community Renewal

Community Renewal is a partnership between the Corporation, people living and working in renewal areas, local councils and other agencies. The main goals of Community Renewal are to address social exclusion, foster strong and sustainable communities, and improve the physical assets and appearance of neighbourhoods.

Community Renewal operates in communities with high social needs and potential for improvement. Rates of unemployment, educational achievement, overcrowding, crime and home ownership are taken into account.

Community Renewal began in December 2001. It encourages communities and agencies to work together to identify and prioritise projects that will lead to strong, sustainable communities.

Projects vary and may include:

- improvements to the physical environment and amenities
- supporting growth in employment and training opportunities
- improving access to affordable community services
- supporting initiatives that increase neighbourhood safety and reduce crime
- helping residents establish networks and build community spirit.

The measure was to undertake six Community Renewal projects. This measure was achieved.

- Fordlands (Rotorua). The Rotorua District Council has had an increased presence in Fordlands. The Mayor and Councillors regularly attend residents' group meetings, and support street makeovers and Fordlands family fun days. The Council has provided extra money to upgrade the Fordlands shops. The Corporation has helped with crime prevention through environmental design fencing and general beautification of the area.
- Eastern Porirua (Wellington). Community Renewal is a partner to Porirua city becoming accredited as a World Health Organisation Safe Community. Community Renewal has been a founding organisational member of the Safer Porirua Strategic Group that has driven the accreditation process. An application to become a World Health Organisation Safe Community, endorsed by the Porirua City Council, has been accepted by the Safe Communities Foundation.
- Talbot Park (Auckland). The final stage of the physical works within the Talbot Park project were completed in 2007/08. A 24-unit star block refurbishment was completed in February 2008. Returning tenants said they were very pleased with the outcome and the new design of the buildings. In 2007, the Talbot Park Community Renewal project was a winner in the New Zealand Institute of Architects Resene local architecture awards for a walk-up apartment complex, the Australasian Housing Institution Award for Professional Excellence for its outstanding contribution community renewal, and the National Property Council urban design award.
- Northcote (Auckland). A highlight in the Northcote project is the Champs programme, which is a children's music, arts and sports programme set up by the Corporation, and which is now run by the local community. More than 25 children attend twice a week. A mentoring programme began earlier in the year, after a former Northcote resident read about the success of the Champs programme and wanted to mentor the community. The former resident's employer, Hawkins Construction, is mentoring 10 unemployed young people from Northcote, preparing them for further employment opportunities. As the success of the programme spread throughout Northcote, four more young people have joined the mentor programme.
- Otangarei and Wiri. Two new projects began in Otangarei (Whangarei) and Wiri (Auckland) in 2007/08. The Community Renewal project in Otangarei began in the latter half of 2007. It has flourished, with widespread support and understanding of the project and its aims from residents and stakeholder organisations. The Wiri project was formalised at the end of the 2007/08 year. The project has strong stakeholder support from the Manukau City Council and the Sisters of Mercy.

The Healthy Housing programme

The Healthy Housing programme has been improving health and housing outcomes for Housing New Zealand tenants since 2001. The Healthy Housing programme is a partnership with district health boards in Counties-Manukau, Auckland, Northland and Hutt Valley. The programme operates in areas with high rates of potentially avoidable housing-related hospitalisations and significant concentrations (over 20 percent) of state housing.

The Healthy Housing programme was originally designed to reduce the risk of infectious disease, particularly meningococcal disease. Over the life of the programme it has evolved to reduce housing-related hospitalisations, particularly for crowding-related diseases.

The three-year outcomes evaluation[1] of the Healthy Housing programme was also completed. The results were extremely positive and outcomes include:

- a 37 percent reduction in potentially avoidable hospitalisations for families in Counties-Manukau that have benefited from the programme[2]
- positive changes in family life
- participation in community activities
- better health and wellbeing
- increased perception of safety and a sense of comfort
- pride and happiness in the home
- improved care of the home.

The measure was to assist 550–610 families. This measure was significantly exceeded. In 2007/08 the programme assisted 939 families with a housing solution to improve their health. Solutions included improving insulation, ventilation and heating, modifying properties for people with disabilities and moving overcrowded families to larger homes, or extending their existing home.

The modernisation programme

Modernisation work is undertaken on selected state houses. Selection of homes considers:

- health and safety issues
- the suitability of the house for modern living, such as enough bench space and space for a microwave and fridge
- how the house could help meet future housing needs
- the cost of the work.

The modernisation programme includes discussion with the tenant on ways to improve the layout of their home. Improvements may include upgrading some or all of the kitchen or bathroom, knocking out walls to increase living spaces, or adding a deck or sliding doors.

The work may also include improved car parking, security, fencing, heating and ventilation. In some homes, rooms may be added or extended.

The measure was to modernise 1,500–1,608 homes. This measure was achieved, with 1,585 homes modernised.

Looking ahead

Work will continue on the finalisation of the Auckland strategy. The Corporation will also continue to implement joint work with other agencies to respond to the needs of families in South Auckland for emergency housing.

Warmer, drier and healthier homes are a high priority to improve tenant health and deliver energy cost savings. The energy efficiency retrofit programme will be fast-tracked over the next five years so the remaining 21,000 properties are insulated.

Research into education outcomes from Healthy Housing interventions will continue.

Existing housing will be maintained to an appropriate level so homes are suitable for modern living. Improvements will continue to make homes warmer, drier, more energy efficient and safer. More homes will be built and leased to address the demand for state housing.

To help build capability within communities where there is a significant amount of social housing, the Corporation will adopt a community focus in all its programmes. This will include rolling out a Community Renewal approach, and building links with other agencies providing services to these communities.

1 Auckland UniServices Ltd (2005-2007) The Health Housing Programme: Report on the Outcomes Evaluation (Years 1-3), August 2007.

2 Gary Jackson, Jude Woolston and Dean Papa (2006) The impact of housing improvements on acute hospitalisations at Middlemore. A PowerPoint presentation, March 2008.

Priority two

Understand that housing is more than a roof over people's heads

During 2007/08 the Corporation:

- provided housing assistance to those most in need through the Social Allocation System
- subsidised tenants' rental costs with income-related rent
- matched housing design and amenity value with tenant and community needs
- improved service performance through the customer service delivery channels
- acquired housing in high-priority demand locations.

The Corporation's role is more than putting a roof over people's heads. This priority ensures the Corporation provides innovative and focused solutions to housing needs. The Corporation recognises that sustainable housing solutions need to promote employment and contribute, where possible, to developing the positive health, education and childcare outcomes that a number of government agencies seek to achieve. Some of these solutions include building new houses, redeveloping and reconfiguring existing properties, and developing sustainable communities.

People who need housing support also need a community where they have opportunities to participate and grow.

There are a range of activities to manage tenancies, including improving customer service.

The financial costs of this priority can be found on pages 26-29.

What was achieved

Assist households into state housing

The Government requires the Corporation to allocate housing on the basis of need. Housing need is defined as an inability to access or sustain housing that is suitable, adequate and affordable. Once eligibility is established, priority is given to households experiencing housing and financial stress that is severe, urgent and likely to persist over time, and who cannot afford the private housing market.

When a state house becomes vacant or a newly acquired house is available, applicants are matched with housing that meets their requirements. Priority is given to those with the greatest housing need. Where a state house is not immediately available, temporary housing solutions may be offered to applicants if such a solution will reduce their level of risk. Applicants with complex needs that require intensive management, or applicants who require modified housing, are also identified during the allocation process.

The measure was to assist 9,500–10,000 households into state houses. This measure was not achieved, with 9,429 being assisted. The allocation of social housing depends on the availability of houses through tenant turnover and the acquisition of new or leased housing. Tenant turnover was higher than in previous years, but the Corporation was unable to acquire as many new or leased properties as planned, due to recent slowdown in the housing market.

Increase the state housing portfolio

The asset management programme involves a range of activities to increase the state housing portfolio. These activities include:

- constructing new properties through redevelopment of Corporation-owned properties and through contracts with developers
- leasing of properties from private investors in the residential market.

The measure was to increase the state housing portfolio by 1,287 properties. This measure was not achieved. The actual increase was 1,177. The declining residential tenancy market meant new leases became increasingly difficult to secure. Current financial pressures made investing in residential property less attractive as the year progressed. This impacted on the overall gross acquisition measure as it was difficult to attract quality properties in the right locations that met the Corporation's leasing criteria. The delivery of additional units in the main capital programme partially mitigated the shortfall in leases.

Total net acquisitions

The net acquisition figure is represented by the gross acquisition total less sales, lease expiries, disposals and write-downs that occurred during the financial year.

The measure was to increase acquisitions within the range of 510–575 properties. The measurement range was reduced during the year to 487–552, due to adjustments made to compensate for 23 properties that were acquired in the 2006/07 financial year. This adjusted measure was achieved, with an actual net increase of 497 properties.

Current housing portfolio

Table 1 shows the number and proportion of state houses, grouped by the number of bedrooms in the rental housing portfolio. Nearly 80 percent of the Corporation's housing has two or three bedrooms. The table does not differentiate between double- or single-sized bedrooms.

Across New Zealand, three-bedroom properties are the most common, accounting for 46 percent of the Corporation's housing. The trend in the private sector is for more bedrooms, with the proportion of houses with four or more bedrooms increasing from 19 percent in 1991 to 28 percent in 2006. By comparison, nine percent of the Corporation's housing has four or more bedrooms.

Table 1: Proportions and number of state rental units by the number of bedrooms

Number of bedrooms	Bedrooms 2006 Census (%)	Bedrooms Corporation housing (%)	Number
Bed-sit	N/A	0.86	588
One-bedroom	5.8	8.33	5,721
Two-bedrooms	19.8	35.79	24,567
Three-bedrooms	46.3	44.22	30,356
Four-bedrooms	21.6	8.40	5,766
Five-bedrooms	5.0	1.71	1,175
Six-bedrooms	1.0	0.51	348
Seven-bedrooms	0.2	0.12	80
Eight-bedrooms	0.3	0.06	43
Total	**100**	**100**	**68,644**

Source: Property Management System, June 2008 and Statistics New Zealand Census of Population Dwelling, 2006.

Age of housing

Table 2 shows the number and proportion of Corporation houses by age as at 30 June 2008. More than 65 percent of housing is older than 30 years. Approximately 10 percent is under 10 years old.

Table 2: Age of housing

Age of houses	(%)	Number
10 years or less	10.13	6,951
11–20 years	10.28	7,054
21–30 years	14.00	9,614
31–40 years	16.92	11,614
41–50 years	18.92	12,990
51–60 years	16.98	11,654
61–70 years	11.91	8,177
71 plus years	0.86	590
Total	**100**	**68,644**

Source: Property Management System, June 2008.

Type of dwelling

Table 3 shows the types of dwellings the Corporation holds.

Table 3: Type of dwelling

Type of dwelling	(%)	Number
Not defined	0.36	244
Three or more flats joined ≥ three storeys high	3.46	2,376
Three or more flats joined, one storey high	5.10	3,499
Three or more flats joined, two storeys high	5.98	4,108
A single stand-alone dwelling	65.29	44,821
Double-storey flat, block of two	3.65	2,504
Single-storey flat, block of two	16.16	11,092
Total	**100**	**68,644**

Source: Property Management System, June 2008.

Tenant satisfaction

The Corporation is committed to ensuring that strong and positive relationships are built and maintained with customers. In 2007/08, a tenant satisfaction survey was reintroduced. It included both quantitative and qualitative questions and over 500 tenants each quarter were surveyed. The survey is an important way to better understand customers and the issues they face, and to identify areas for business development and improvement.

The measure was to achieve greater than a 70 percent level of overall satisfaction with the Corporation's service. This measure was exceeded, with 71 percent of tenants satisfied.

The Social Allocation System

Access to state housing is determined through a Social Allocation System. This system prioritises eligible households on the basis of their housing need. People with the most severe need get allocated housing before those in less serious housing situations. The Social Allocation System annual audit looks at how well the system assessed the housing need of households applying for a state house.

The measure was for more than 95 percent correct assessments in the annual audit. This measure was not achieved, with 94 percent correct assessments made. The 1 percent variance represents 32 incorrect assessments. However, the majority of these incorrect assessments were corrected while the applicants were waiting for housing.

Income-related rent

It is important people are able to buy other necessities after paying their housing costs. Affordability becomes a concern when housing costs exceed a person's/household's income by 30 percent. With readily available credit, household debt can affect people's ability to get into and stay in adequate housing.

To improve affordability, the Government provides two major forms of assistance.

- State housing and income-related rents that give priority to those in greatest need
- The Accommodation Supplement for people whose housing costs are considered too high to be met through their income alone

All Corporation tenants are eligible to apply for income-related rents. The income-related rent annual audit looks at how well the Corporation assesses the income-related rent of tenants.

The measure was for more than 96 percent of income-related rent assessments to be correct in the annual audit. This measure was achieved, with 97 percent accuracy.

Better utilisation

This performance indicator requires the Corporation to manage tenancies more effectively. As circumstances change, a state house may become inadequate for a large family, or too large for a single tenant. In considering whether to transfer a tenant, the Corporation assesses the design, amenity value and community needs. The tenant must also be willing to relocate.

Initial results from an assistance-to-move project showed that only a small number of tenants in under-utilised properties were willing to move, as many consider the property to be their family home. Of those tenants willing to move, transfers were only completed if the Corporation could offer the tenant a substantial improvement to their current housing. Generally, the offer was a brand new stand-alone house in an area close to their support networks.

The measure was 300 transfers recorded. This measure was not achieved. Despite not meeting the measure, the better utilisation programme has supported 293 tenants to move from large properties to more suitable, smaller accommodation. This has freed up 363 bedrooms for families on the priority waiting list, equivalent to 121 three-bedroom houses.

Looking ahead

Housing demand is constantly changing. The Corporation will expand its focus and move from being an organisation largely focused on managing properties and tenancies to one that takes a more people-driven, tailored and sustainable approach to the needs of individuals and communities. This means broadening the role of the Corporation beyond that of a social landlord/property manager to be a catalyst for community development.

Priority three

Innovate in the development and delivery of services

During 2007/08 the Corporation:

- applied best practice to state housing redevelopments
- improved housing standards in New Zealand
- reviewed the lending management programme
- improved the Home Ownership Education programme
- delivered lending assistance for non-weathertight homes
- supported new housing solutions for the Māori in rural areas
- began the implementation of the *Te Au Roa*, the Māori Strategic Plan
- developed systems and processes to deliver the pilot Shared Equity scheme.

The Corporation promotes and demonstrates good practice housing that is environmentally efficient through sound construction work and development projects. It also supports initiatives under the *New Zealand Housing Strategy* to provide housing assistance and improve access for individuals and families on low and modest incomes into home ownership.

The financial costs of this priority can be found on pages 26-29.

What was achieved

Implementing the Māori Strategic Plan

The Corporation believes that working with iwi, Māori and other key stakeholders will lead to opportunities to improve housing outcomes for Māori. Approximately one-third of Corporation tenants identify as Māori.

In early 2007 the Corporation launched *Te Au Roa: Into the Future, the Māori Strategic Plan 2007–2012.*

Te Au Roa has three key goals.

- Develop and maintain partnerships with iwi and Māori and other key stakeholders.
- Increase the effectiveness of service delivery to Māori.
- Develop the Corporation's capacity and capability to respond to Māori as customers.

The measure was to implement key initiatives from *Te Au Roa* by 30 June 2008. This measure was not achieved as the Corporation focused on building its internal capacity in the early part of the year. The outstanding initiatives and key deliverables will be progressed in 2008/09. The work undertaken included identifying the key principles underpinning the Māori housing situation, developing the Māori demonstration partnership project, and progressing a Māori communications strategy.

Assisting households into home ownership

In recent years it has become increasingly difficult for people on low and moderate incomes to achieve home ownership. The Corporation provides support through a number of new and innovative lending initiatives such as the Welcome Home Loan and Home Ownership Education programmes.

The measure was to assist 925–1,130 households through lending and insurance services. This measure was not achieved, with only 716 households assisted. The performance of this indicator is based on lending through the Welcome Home Loan and Low Deposit Rural Lending schemes detailed below.

Welcome Home Loan scheme

The Corporation works with a range of lenders so they can offer Welcome Home Loans to people who may not normally be able to access home loan finance. The Corporation's role is to act as the lender's mortgage insurer. This reduces the risk to the lender and enables them to lend to people with little or no deposit, yet who are able to afford repaying the loan. It means that in the worst case scenario the lender can recover any loss from a sale.

The measure was to underwrite 900–1,100 loans. This measure was not achieved, with only 690 loans underwritten. Uptake of Welcome Home Loans has been lower than forecast because rising house prices and interest rates in the first part of the year led to affordability issues where house prices moved out of reach for the target market. This was compounded in the second part of the year by a softening housing market and rising living costs that led to a downturn in confidence in the housing market and lending activity across all markets. This situation is expected to improve over the next year as tax cuts take effect and interest rates and house prices fall.

Welcome Home Loan lending and income caps are reviewed for market appropriateness on a quarterly basis. This helps the Corporation to ensure lending reaches the right people.

Low Deposit Rural Lending

Low Deposit Rural Lending targets first-time buyers who are low to modest income earners wanting to buy or build a house in rural/regional areas. Applicants attend a series of home ownership skills workshops, which include support and advisory services. The lending gives access to a Corporation loan with a deposit limit of only 3 percent. The product includes lending to people wanting to buy or build a house on Māori land under multiple ownership (papakāinga) that cannot be used as security for a standard mortgage.

The measure was to approve 25–30 rural loans. This measure was achieved, with the approval of 26 loans.

The Hobsonville development

The Hobsonville project is being delivered by the public and private sectors working together to achieve the common goal of a leading-edge sustainable development for a mixed community in north-west Auckland.

The measure was to achieve the planning milestones for 2007/08. This measure has been achieved. The planning milestones included the selection of a development partner for Precinct One, development and lodgement of the first stages of a comprehensive development plan (currently following the statutory approval process with the Waitakere City Council), evaluation of a range of potential development opportunities supporting a marine cluster and the landing special area, and agreement being reached with the Ministry of Education for a primary school site. (See Appendix 1 on pages 115-124 for the sustainability report from the Hobsonville Land Company.)

The Home Ownership Education programme

In 2007/08, the Home Ownership Education programme was renamed Welcome Home First Steps to align with the Welcome Home Loan scheme. Welcome Home First Steps is for anyone who wants to find out more about buying a home. It helps people make informed decisions on whether home ownership is the best decision for them. It is not a loan-based product. People who want to obtain a Welcome Home Loan do not have to attend the programme.

It is offered throughout New Zealand by contracted service providers. In addition, the Open Polytechnic of New Zealand offers a distance learning option for the programme.

The measure was to have 4,000–5,000 participants attend the programme. This measure was achieved, with 5,000 participants attending.

The Shared Equity scheme

The Shared Equity scheme is a two-year pilot programme designed to improve home ownership affordability for modest income households living in moderate- to high-priced locations. Shared Equity is a form of home ownership assistance where home buyers can apply for a loan from the Corporation to bridge the difference between the maximum amount they can borrow from Kiwibank, and the amount they need to buy a house - up to a maximum value of 30 percent of the house price. The pilot is intended to approve up to 700 loans over two years.

The Corporation loan provides a second mortgage over the property. It has no interest costs, and requires no repayments until the house is sold or the loan term ends. At sale or at conclusion of the loan term, the household must repay the loan to the Corporation. If the value of the property reduces or increases, so does the equity share, and the amount that must be repaid.

The measure was to implement a Shared Equity scheme by 30 June 2008. This measure was achieved, which allowed the scheme to be introduced on 1 July 2008.

Looking ahead

The Corporation needs to improve Māori housing outcomes. Implementation of *Te Au Roa*, the Māori Strategic Plan, will help this happen. The Corporation is now well positioned to make progress on implementing partnerships with Māori to support innovative housing development, and to increase the responsiveness of its services. The Corporation has developed a range of programmes that are effective in helping people into home ownership. These programmes aim to improve access to the finance, knowledge and skills needed to buy and maintain home ownership. The Shared Equity pilot scheme provides support to potential home owners in high-priced markets.

The Corporation will continue to provide policy advice on housing affordability as part of a cross-agency work programme.

Work will also continue with developers and stakeholders to develop a mix of social housing, affordable housing and private housing. The Hobsonville project, for example, will see a mixed-tenure community developed of over 3,000 homes. About 60 percent of the homes will be for private owners. Fifteen percent will be state housing and 15 percent affordable homes for first-home buyers.

Priority four

Lever partnerships with community and private organisations

During 2007/08 the Corporation:

- managed Crown funding to support upgrading Wellington City Council's social housing portfolio
- provided policy advice on the future funding of the non-government social housing sector
- encouraged non-government investors, particularly in the private sector, to invest in social housing
- encouraged local government to continue to provide social housing
- provided a mix of grants and loans through the Housing Innovation Fund.

This priority strengthens the capability of local government, community-based organisations and iwi to provide social housing and other community initiatives.

The financial costs of this priority can be found on pages 26-29.

What was achieved

Provide assistance to local authorities, community providers and iwi

Supporting social housing providers offers social and economic benefits. Social housing providers provide services to vulnerable people, including those who need support services. The Corporation supports these providers by providing houses under Community Group Housing, and providing funding to increase and modernise housing through the Housing Innovation Fund.

The Corporation supports Community Housing Aotearoa, a community-based organisation, to connect, support and represent community-based organisations throughout New Zealand. The organisation provides housing to people on low incomes or with special needs. They provide leadership to the sector, networking opportunities for those involved in providing housing, and practical help such as model documents, best practice guidelines and help with legal matters.

The Corporation has been working with the Wellington City Council to develop its plans to upgrade its social housing.

The measure was to provide 60–80 social housing units and the modernisation of 330–350 local government units. This measure was achieved, with 81 extra social housing units and the modernisation of 363 local government units.

Develop a strategic partnership model

The Corporation uses memoranda of understanding as a model to crystallise key relationships with agencies. At the time of printing, there were 20 memoranda of understanding with government departments, councils, incorporated agencies and trusts. These memoranda are regularly reviewed.

The measure was to develop and deploy a model by 30 June 2008. This measure was achieved.

Provide loans to local authorities and community organisations

The Housing Innovation Fund is an important step towards growing the social housing sector. The Fund's aim is to encourage community-based organisations, iwi and local government to expand their role as providers of sustainable, long-term housing by offering loans and advisory support.

The measure was to approve $12.014 million in loans through the Housing Innovation Fund. This measure was achieved. Although the full amount of $12.014 million was drawn down, two loans amounting to $0.169 million were completed under budget and the underspent amounts refunded to the Crown. This resulted in an actual spend of $11.845 million.

Looking ahead

Local authorities, community-based organisations and iwi are important partners to help provide and finance social and affordable housing for New Zealanders. The Corporation will improve links with providers of emergency and community housing, such as the Ministry of Social Development and Manukau City Council emergency housing providers, to address issues around emergency housing in South Auckland.

The Corporation will continue to support providers to build capacity to manage and grow their social housing portfolios and provide an appropriate mix of grants and loans through the Housing Innovation Fund.

In Tamaki, the Corporation is working with other government agencies, local government and the community on a business case to support a 20-year plan to transform the community. This work will build on the upgrading of the Corporation's social housing.

Priority five

Develop organisational capacity to improve productivity

During 2007/08 the Corporation:

- designed and implemented leadership, learning and development programmes
- improved Board governance practices for effective Crown entity stewardship
- introduced new systems, processes and tools
- reviewed the Corporation's financial governance structure
- reviewed the documentation of Board processes.

This priority focuses on enhancing the skills, knowledge and capability of the Corporation's staff. The Corporation recognised that its operating model needed to be more customer-focused to provide enhanced service delivery to tenants and other customers. The operating model also needed to consider future development of staff and management, systems, services and support. The model introduced is geared to better deliver on strategic priorities and services to customers. The key performance indicators under this priority will enable this to happen.

The financial costs of this priority can be found on pages 26-29.

What was achieved

Staff satisfaction

Staff satisfaction surveys provide a broad overview of the thoughts of staff but are less robust in determining areas of organisational strength and areas that need improvement. For this reason the Corporation decided early in the 2007/08 financial year not to proceed with the staff satisfaction survey. Instead it was decided to conduct an employee engagement survey. The survey looks beyond staff satisfaction and addresses the sources of employee engagement, including the level of loyalty, pride and ownership that a person feels toward his or her organisation. Research indicates that organisations with higher levels of employee engagement also experience higher levels of stakeholder/customer engagement, lower staff turnover, higher productivity and fewer safety incidents.

The measure was to have more than 70 percent staff satisfaction as measured by an annual staff satisfaction survey. This was not measured as the Corporation decided early in 2007/08 to use an alternative tool.

The high-level survey results were made available in September 2008. These results will assist the Corporation to identify key organisational development priorities. The results will also allow the Corporation to compare and benchmark its level of engagement with high-performing organisations.

The Nexus data warehouse project

The data warehouse project will improve access to high quality data and provide a single source of accurate information.

The measure was to develop and implement the Nexus data warehouse project. This measure was achieved. Work continues to define and meet business requirements as the potential of this strategic information system becomes more widely known. An inter-dependent project has also been initiated to help improve data quality. This project includes continued training for users and formation of a key-user group.

The corporate financial governance project

A review of the Corporation's financial governance was carried out with the Department of Building and Housing and the Treasury. The objectives of the review were to:

- improve the transparency and accountability of funding arrangements
- assess the appropriateness of the current financial governance structure
- develop an optimal financial governance structure that will be sustainable for stakeholders
- present a realistic plan to ensure a smooth and successful implementation to the recommended optimal structure, including an appropriate phasing, where warranted.

The measure was to complete the corporate financial governance project. This measure was achieved. The report identified required attributes of an optimal financial governance framework. The recommendations in the report and the detailed work streams are to be implemented during the 2008/09 financial year.

Staff turnover

As at 30 June 2008, the Corporation employed 1,051.3 fulltime equivalent staff. Of these, 61 percent were women and 39 percent men. Of the 164 managers, 34 percent were women and 66 percent men.

Table 4: Fulltime equivalent employees by business group as at 30 June 2008

Business group	Fulltime equivalent
Asset Programmes	83.4
Corporate Services	101
Operations Group	734.9
Organisational Development and Communications	30.5
Advisory and Assurance	30.6
Strategy, Policy, Research and Evaluation	53.3
Executive Team/Chief Executive	9
Hobsonville Land Company	6.6
Tamaki Transformation Project	2
Total	**1,051.3**

Source: Organisational Development, June 2008

The measure was to achieve a turnover rate of 10–15 percent. This measure was not achieved. Staff turnover was 16 percent, up from 15.13 percent in 2006/07. This reflects the tight employment market. Information available from departing employees suggests the majority of staff chose to make a change in their employment for career development or personal reasons. The Corporation has developed a national career progression framework to help improve retention. The framework will provide high performing staff with the opportunity to advance their careers within the Corporation.

Public trust and confidence

The Research New Zealand Public Sector Trust and Confidence Poll is undertaken quarterly, as part of Research New Zealand's omnibus survey. This survey is based on a nationally representative sample of around 500 New Zealanders, aged over 15.

The measure was to achieve a result of 52 percent confidence by the public and 75 percent knowledge about the Corporation. This measure was not achieved. The results showed 51 percent of the public have full trust and confidence in the Corporation, and 72 percent of participants know a reasonable amount about what the Corporation does. The Corporation accepts it will take time for the positive changes from the new operating model to deliver sustained improvement to these two measures.

Management development programme

Effective leadership is the primary determining factor in how an employee views their work, their ongoing commitment to an organisation's overall strategy, and how they conduct themselves on a day-to-day basis. The Corporation is ensuring its managers are competent in how they manage staff, actively model the Corporation's values and behaviours and lead activity in a manner that enhances the Corporation's reputation as a good employer.

The measure was to develop and implement a management development programme. This measure was achieved.

Competency based learning and development system

Increasingly, Corporation staff are looking for greater opportunities to learn and develop. The Corporation aims to support this through the delivery of competency based learning that will develop them for their current roles and also for the future.

The measure was to design and implement a competency based learning and development system. This measure was achieved.

Review of the documentation of Board processes

Effective Crown entity stewardship provides a clear direction and leads to a well-informed work plan for the Crown entity over the planning timeframe. Board decision-making provides the foundation for the Corporation's organisational strategy and service delivery measures.

The measure was to review documentation of Board processes, including delegations, for consistency with the Crown Entities Act 2004. This measure was achieved in part, through training and presentations to the Board about the legislative requirements of the Crown Entities Act and other legislation. The charters of Board subcommittees were also reviewed.

Looking ahead

The work completed under this priority has established strong foundations for a shift towards a people-driven, outcomes-focused organisation. The Corporation will be more responsive to the needs and aspirations of New Zealanders. To achieve this change, a framework will be developed to help improve performance and deliver services more efficiently and effectively. A review of current baseline performance and an external performance assessment by an independent evaluator will be carried out in 2009/10.

Priority six

Share responsibility for the *New Zealand Housing Strategy*

During 2007/08 the Corporation:

- provided a policy and research work programme to support the Minister of Housing and the Corporation
- provided policy advice to support the Government's policy programme on housing affordability
- continued to monitor the implementation of the recommendations of the *New Zealand Housing Strategy*.

This priority relates to strategic and operational policy advice, ministerial support, and research and evaluation that supports the *New Zealand Housing Strategy*. The Corporation worked with other agencies to implement the Government's programme of action under the *New Zealand Housing Strategy* and provide policy advice and support to the Minister of Housing.

The financial costs of this priority can be found on pages 26-29.

What was achieved

Policy advice

The major focus of the policy work programme in 2007/08 was housing affordability, following on from the cross-agency work of the House Prices Unit coordinated by the Department of Prime Minister and Cabinet. The Corporation provided advice on the development of the Affordable Housing: Enabling Territorial Authorities Bill, the development of the Shared Equity scheme, the Tamaki Transformation Project and land supply. Other areas included the development of the KiwiSaver home deposit subsidy and housing on Māori freehold land.

The evaluation of the Rural Housing Programme was completed during the year. The evaluation highlighted the continued desire from stakeholders to address substandard housing in rural areas. The evaluation found that, while the Rural Housing Programme had addressed the immediate health and safety needs in approximately 1,500 households, the extent of substandard housing that needs to be addressed is much greater than first envisaged. The findings from this evaluation have guided the redevelopment and re-targeting of the programme in 2008/09.

The measure was 100 percent delivery of policy advice according to the agreed policy and research work programme. This measure was achieved by reprioritising and providing increased resources to respond to the Government's priority on housing affordability.

The *New Zealand Housing Strategy*

The *New Zealand Housing Strategy* was launched in May 2005. It provides a framework and direction for government activity in the housing sector to 2015. The strategy's programme of action is divided into seven areas of action. Initiatives identified under each area reflect the priorities the Government wants to emphasise during this time.

The measure was to prepare an indicator report. This measure was achieved. The Corporation provided monitoring reports on progress against the strategy.

The policy work programme

The Corporation's policy team provides policy advice on housing and housing issues to the Minister of Housing, on behalf of the Board. It also supports the Minister to implement Government policy, and provides policy support for the Corporation. Staff work closely with other government agencies and organisations with a role in housing to ensure that housing policy aligns with wider government policy initiatives.

The measure was to submit policy work programme reports seven working days following the end of each month. This measure was achieved.

Ministerial support

During the year the Corporation responded to:

- 1,038 ministerials (forecast 750)
- 990 written parliamentary questions (forecast 550)
- 82 Official Information Act requests to the Minister and the Chief Executive (forecast 60)
- 36 oral questions (forecast 15)
- 184 briefing notes (forecast 100)
- 1,274 information requests from the Minister's office (forecast 490).

Work volumes have increased by more than 50 percent compared with the previous financial year, which impacted on the timeliness for a small number of responses. The accuracy for ministerials in 2007/08 was 96.2 percent. This reflects the benefits from implementing an extra peer review step, helping improve the quality standard achieved during the year.

Looking ahead

The Corporation's priorities for 2008/09 will be to continue the policy development work associated with the Government's housing affordability work programme. Particular areas of focus will be on working with other agencies to investigate options for bridging the 'affordability gap' faced by households that aspire to home ownership. This will be achieved through: investigating ways to utilise Crown and Corporation land, contributing to reducing the costs of building and development, supporting the passage and implementation of the Affordable Housing: Enabling Territorial Authorities Bill, and continuing to develop a range and mix of home ownership products. The Corporation will also maintain its role in monitoring and reporting on developments in the sector, and supporting new initiatives such as the development of a Housing Strategy for Pacific Peoples.

Housing New Zealand Corporation and subsidiaries

Statement of responsibility for the year ended 30 June 2008

The Board is pleased to present the financial statements of Housing New Zealand Corporation for the year ended 30 June 2008.

(a) The Board is responsible for the preparation of the consolidated financial statements and the judgements used therein.

(b) The Board is responsible for establishing and maintaining a system of internal control to provide reasonable assurance as to the integrity and reliability of financial reporting.

(c) In the opinion of the Board, the financial statements for the year ended 30 June 2008 fairly reflect the financial position and financial performance of the Housing New Zealand Corporation at that date.

For and on behalf of the Board.

Patrick N Snedden	Lope Ginnen
Chairman	*Deputy Chair*
10 September 2008	10 September 2008

The Corporation developed six priorities to achieve its stated goals and align with the Corporation's responsibilities under the *New Zealand Housing Strategy*.

Included under each key priority (pages 30 to 46) are tables identifying the relevant performance indicators and targets from the 2007/08 Statement of Intent. Some targets were amended during the year as a consequence of agreed changes through the Government budget cycle. A footnote has been included where targets have been amended.

Each of the Corporation's key priorities and targets for delivery performance have been aligned to an output class and the actual revenue earned against output expenses incurred compared with the expected revenues and proposed output expenses for the year ending 30 June 2008. These are detailed in Table 5.

Table 5: Results for priorities against measures set

Priority	Target/ Actual	Revenue Crown ($m)	Other revenue ($m)	Total expenses ($m)	Surplus/ (Deficit) ($m)	Variance ($m)	%
One: Build diverse, strong and sustainable communities	Target	4	0	640	(636)		
	Actual	3	35[3]	693[4]	(655)	(19)[5]	(3)
Two: Understand that housing is more than a roof over people's heads	Target	465	371	96	740		
	Actual	476	365	89	752	12[6]	2
Three: Innovate in the development and delivery of services	Target	19	9	38	(10)		
	Actual	16	7	27	(4)	6	56
Four: Lever partnerships with community and private organisations	Target	13	1	16	(2)		
	Actual	9	4	11	2	4	172
Five: Develop organisational capacity	Target	0	0	4	(4)		
	Actual	0	0	5	(5)	(1)	(47)
Six: Share responsibility for the *New Zealand Housing Strategy*	Target	3	0	13	(10)		
	Actual	2	0	11	(9)	1	13
Total	Target	504	381	806	78		
	Actual	506	411	836	81	3	3
Less income tax expense	Target				34		
	Actual				35	(1)	(1)
Net surplus after tax	Target				44		
	Actual				46	2	4

3 This result reflects increased interest income and gains on interest rate swaps that were not budgeted.

4 The higher expenses reflect additional maintenance costs on vacant properties, higher depreciation costs on revalued properties, and increased interest expenses.

5 The variance of $19 million relates to higher maintenance and depreciation costs, together with increased interest expenses, offset by higher interest income.

6 The variance of $12 million is primarily attributed to lower-than-budgeted fire damage and demolition costs.

Output class appropriations

Table 6 details the Corporation's appropriations from the Crown and shows actual draw-downs against appropriations. The appropriations align with the six key priorities and outputs.

Table 6: Capital appropriations

			Outcomes framework					
		Overarching outcome	All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs					
		Intermediate outcomes	A supply of good quality, affordable housing			Sustainable housing solutions	A supply of good quality, affordable housing	
Capital appropriations Housing New Zealand Corporation – housing activities	Target/ Actual	Total ($000)	Build diverse, strong and sustainable communities	Understand that housing is more than a roof over people's heads	Innovate in the development and delivery of services	Lever partnerships with community and private organisations	Develop organisational capacity to improve productivity	Share responsibility for the New Zealand Housing Strategy
Acquisitions	Target	48,030		48,030				
	Actual	43,140		43,140				
Auckland City pensioner housing reconfiguration and development	Target	28,880	28,880					
	Actual	11,244	11,244[7]					
Community Group Housing - acquisitions	Target	5,800		5,800				
	Actual	7,585		7,585				
Financial assistance for non-weathertight homes	Target	4,458			4,458			
	Actual	2,863			2,863			
Home ownership - Low Deposit Rural Lending	Target	3,000			3,000			
	Actual	2,937			2,937			
Healthy Housing	Target	7,000	7,000					
	Actual	7,476	7,476					
Third sector and local government Housing Innovation Fund	Target	12,000				12,000		
	Actual	11,845				11,845		
Rural Housing Programme - community-owned rural rental housing loans	Target	2,000				2,000		
	Actual	1,958				1,958		
Total Housing New Zealand Corporation – housing activities	**Target**	**111,168**	**35,880**	**58,830**	**7,458**	**14,000**	**0**	**0**
	Actual	**89,048**	**18,720**	**50,725**	**5,800**	**13,803**	**0**	**0**

7 The under-spend in Auckland City pensioner housing reconfiguration and development relates predominantly to the Ladies Mile project which has experienced considerable delays in obtaining resource consents.

Table 7 aligns the Corporation's output classes with actual appropriations against estimates of appropriations.

Table 7: Operating appropriations

			Outcomes framework					
		Overarching outcome	All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs					
		Intermediate outcomes	A supply of good quality, affordable housing			Sustainable housing solutions	A supply of good quality affordable housing	
Output expenses	**Target/ Actual**	**Total ($000)**	**Build diverse, strong and sustainable communities**	**Understand that housing is more than a roof over people's heads**	**Innovate in the development and delivery of services**	**Lever partnerships with community and private organisations**	**Develop organisational capacity to improve productivity**	**Share responsibility for the New Zealand Housing Strategy**
Housing policy advice								
Housing policy advice	Target	2,076						2,076
	Actual	2,076						2,076
Ministerial support	Target	300						300
	Actual	300						300
Rural housing evaluation	Target	133						133
	Actual	40						40
Total housing policy advice	**Target**	**2,509**	**0**	**0**	**0**	**0**	**0**	**2,509**
	Actual	**2,416**	**0**	**0**	**0**	**0**	**0**	**2,416**
Contracted housing support services								
Capacity building for Pacific peoples	Target	178			178			
	Actual	76			76			
Low Deposit Rural Lending education and support	Target	3,401			3,401			
	Actual	3,282			3,282			
Rural Housing Programme	Target	6,178			6,178			
	Actual	6,145			6,145			
Rural Housing Programme – community-owned rural rental housing loan and improvement project zones	Target	1,100				1,100		
	Actual	857				857		
Community ventures	Target	255				255		
	Actual	0				0		
Energy efficiency retrofits	Target	800	800					
	Actual	669	669					
Process and outcome evaluation for rural housing	Target	160						160
	Actual	0						0
Total contracted housing support services	**Target**	**12,072**	**800**	**0**	**9,757**	**1,355**	**0**	**160**
	Actual	**11,029**	**669**	**0**	**9,503**	**857**	**0**	**0**

		Outcomes framework						
		Overarching outcome	All New Zealanders have access to affordable, sustainable, good quality housing appropriate to their needs					
		Intermediate outcomes	A supply of good quality, affordable housing			Sustainable housing solutions	A supply of good quality affordable housing	
Output expenses	Target/ Actual	Total ($000)	Build diverse, strong and sustainable communities	Understand that housing is more than a roof over people's heads	Innovate in the development and delivery of services	Lever partnerships with community and private organisations	Develop organisational capacity to improve productivity	Share responsibility for the New Zealand Housing Strategy
Housing support services								
Community Renewal programme	Target	2,578	2,578					
	Actual	2,578	2,578					
Financial assistance non-weathertight homes	Target	(220)			(220)			
	Actual	96			96			
Healthy Housing programme	Target	889	889					
	Actual	889	889					
Housing Innovation Fund – housing support services	Target	1,860				1,860		
	Actual	1,823				1,823		
Mortgage Insurance Scheme extension	Target	6,200			6,200			
	Actual	3,007			3,007			
Wellington City Council housing project	Target	1,196				1,196		
	Actual	1,155				1,155		
Shared Equity	Target	1,410			1,410			
	Actual	924			924			
Total housing support services	**Target**	**13,913**	**3,467**	**0**	**7,390**	**3,056**	**0**	**0**
	Actual	**10,472**	**3,467**	**0**	**4,027**	**2,978**	**0**	**0**
Housing assistance								
Housing Innovation Fund – housing assistance	Target	6,895				6,895		
	Actual	6,054				6,054		
Loans to community organisations: Interest concession	Target	645				645		
	Actual	435				435		
National/Westpac loss of interest	Target	200				200		
	Actual	164				164		
Rural Housing Programme – housing assistance	Target	1,500			1,500			
	Actual	1,500			1,500			
Special Housing Action Zone interest subsidy	Target	500				500		
	Actual	674				674		
Total housing assistance	**Target**	**9,740**	**0**	**0**	**1,500**	**8,240**	**0**	**0**
	Actual	**8,827**	**0**	**0**	**1,500**	**7,327**	**0**	**0**
Total income-related rent subsidy	**Target**	**465,380**		**465,380**				
	Actual	**471,862**		**471,862**				
Total operating appropriations	**Target**	**503,614**	**4,267**	**465,380**	**18,647**	**12,651**	**0**	**2,669**
	Actual	**504,606**	**4,136**	**471,862**	**15,030**	**11,162**	**0**	**2,416**
Non-departmental other expenses								
Rent relief fund	Target	4,500		4,500				
	Actual	4,000		4,000				
Total non-departmental other expenses	**Target**	**4,500**	**0**	**4,500**	**0**	**0**	**0**	**0**
	Actual	**4,000**	**0**	**4,000**	**0**	**0**	**0**	**0**

Priority one

Build diverse, strong and sustainable communities

The key performance indicators and supporting indicators of this priority relate to the Corporation's responsibility for managing the social housing portfolio. Additional performance information is provided from indicators detailed in the Corporation's output agreement with the Minister of Housing.

Key performance indicators

Auckland strategy

Performance indicator	Measure	Actual	Variance
Develop definitive Auckland strategy	Strategy developed and implemented by 30 June 2008	Not achieved	-

While the overall measure was not achieved, the strategy was partially completed. This strategy will now be completed in 2008/09.

Housing New Zealand Corporation Development Guide

Performance indicator	Measure	Actual	Variance
All property developments will reference and consider the Development Guide and seek to meet the Corporation's specifications	100% of property developments considered in accordance with the Development Guide[8]	100%	-

8 Asset management framework for 2007–2010.

Supporting indicator

Property condition standard

Performance indicator	Measure	Actual	Variance
State housing units maintained against the property condition standard	≥88% acceptable level	88.59%	0.59%

Energy efficiency retrofits

Performance indicator	Measure	Actual	Variance
Total number of homes with energy efficiency retrofits completed	2,150–2,300	2,296	-

Community Renewal

Performance indicator	Measure	Actual	Variance
Community Renewal programmes	6 programmes undertaken	6[9]	-

Healthy Housing solutions

Performance indicator	Measure	Actual	Variance
Households assisted with a Healthy Housing solution	550–610 households assisted	939	329

Households assisted with a Healthy Housing solution were exceeded. Healthy Housing solutions are conducted through the Healthy Housing programme. This is a partnership with district health boards in Counties-Manukau, Auckland, Northland and Hutt Valley that aims to reduce housing-related hospitalisations, particularly for crowding-related diseases.

Modernisation

Performance indicator	Measure	Actual	Variance
Total number of homes to be addressed through the modernisation programme	1,500–1,608	1,585	-

9 Community Renewal programmes were undertaken in Otangarei (Whangarei), Northcote, Talbot Park (Tamaki), Wiri (South Auckland), Fordlands (Rotorua) and Eastern Porirua. The Clendon project has transitioned back to the region.

Additional performance information

Energy efficiency (Energy Efficiency and Conservation Authority[10])

Performance indicator	Measure	Actual	Variance
Total number of homes with energy efficiency retrofits completed in rural areas	320	326	6

Auckland City pensioner housing

Performance indicator	Measure	Actual	Variance
Auckland City pensioner housing refurbishments	92	94	2
Auckland City pensioner reconfigurations	103	103	-

Healthy Housing interventions

Performance indicator	Measure	Actual	Variance
Interventions for Healthy Housing	750–950 Healthy Housing asset solutions	1,564	614

Interventions for Healthy Housing solutions were significantly exceeded. Healthy Housing interventions are conducted through the modernisation programme and include supply interventions consisting of house extensions, design improvements and healthy environments (such as insulation, ventilation and heating).

10 This indicator is funded separately through the Energy Efficiency and Conservation Authority.

Priority two

Understand that housing is more than a roof over people's heads

The key performance indicators and supporting indicators of this priority relate to broadening the Corporation's tenancy management role. Additional performance information is provided from indicators detailed in the Corporation's output agreement with the Minister of Housing.

Key performance indicators

Assisting households into state housing

Performance indicator	Measure	Actual	Variance
To assist households into state housing units over the year	9,500–10,000 households assisted	9,429	(71)

Households assisted into state housing units was not achieved. Shortfalls in the acquisition programme placed considerable pressure on the Corporation's ability to meet the full-year target.

Increase the state housing portfolio

Performance indicator	Measure	Actual	Variance
To increase the state housing portfolio for 2007/08	Increases made in accordance with the range identified in the acquisition programme (1,287)	1,177	(110)

The increase in the state housing portfolio was not achieved. Residential property market leases became increasingly difficult to secure and investment in residential property became less attractive as the year progressed. These factors impacted on the overall gross acquisition target. Additional units delivered through the main capital programme partially mitigated the shortfall in leases.

Supporting indicators

Tenant satisfaction

Performance indicator	Measure	Actual	Variance
Level of tenant satisfaction	≥70% level of satisfaction	71%	1%

Social Allocation System

Performance indicator	Measure	Actual	Variance
Social Allocation System annual audit results	≥95% correct assessment decisions	94%	(1%)

The Social Allocation System audit result was not achieved. The minor variance represents applicants that had been housed based on a high priority assessment when, based on the audit findings, they should have been assessed as low priority applicants.

Income-related rent

Performance indicator	Measure	Actual	Variance
Income-related rent accuracy - annual audit result (percentage of correct assessments based on tenant records)	≥96% correct assessment based on tenant records	97%	1%

Net acquisitions

Performance indicator	Measure	Actual	Variance
Total acquisitions (net) to the state housing portfolio during the year[11]	Increase in acquisitions within the range of 510–575	497	–[12]

The total net acquisitions to the state housing portfolio was achieved. It should be noted that the original measure range of 510–575 was reduced to 487–552. Ministers approved the reduction of the Statement of Intent target by 23 properties to account for properties acquired during the 2006/07 financial year through the Housing Agency Account and a subsequent reduction of $8.945 million in appropriations for 2007/08.

Better use transfers

Performance indicator	Measure	Actual	Variance
Number of transfers resulting in better use of the housing portfolio	300 transfers recorded	293	(7)

The number of better use transfers was not achieved. The better use programme has achieved its goal of freeing up larger homes for families in serious housing need. Since 1 July 2007, the larger homes vacated have resulted in an extra 365 bedrooms being available for families on the waiting list. This is equivalent to 121 three-bedroom houses.

[11] Total acquisitions (net) is the aggregate of general acquisitions, leases, Community Group Housing, rural housing, Community Renewal and Auckland City pensioner housing; less sales, lease expiries, other disposals and write-downs.

[12] This indicator gained approval to be reduced from the Statement of Intent target of 510–575 to 487–552.

Additional performance information

Income-related rent

Performance indicator	Measure	Actual	Variance
Percentage of new tenants receiving income-related rent	≥98% of new tenants receiving income-related rent	98%	-
Percentage of all tenants receiving income-related rent	≥90% of all tenants receiving income-related rent	91%	1%

Acquisitions

Performance indicator	Measure	Actual	Variance
General acquisitions	495 (97 buy-ins, 123 new builds, 271 redevelopments, 4 relocations)	530	35
Leases	553 (429 new and 124 renewed)	437	(116)
Community Group Housing	31 (23 buy-ins, 3 new builds, 5 new leases)	36	5
Rural housing acquisitions	50	50	-
Community Renewal acquisitions	55	21	(34)
Auckland City pensioner housing reconfigurations	103	103	-
Total gross acquisitions	**1,287**	**1,177**	**(110)**
Less sales and disposals			
Sales and lease expiries	331	332	1
Other disposals and write-downs	416	348	(68)
Total net acquisitions	**510–575**	**497**	**–** [13]

Overall, the main capital programme was exceeded, with 530 deliveries against a target of 495. Additional buy-ins were made to help mitigate shortfalls in the lease programme due to declining market conditions.

A declining property market made leases increasingly difficult to obtain as the year progressed. As a consequence, the lease programme result was below target by 116 units.

Construction delays in Porirua, unexpected flood plain issues with the North Tonar project in Northcote, and the need to align Fenchurch Street with the greater Tamaki Transformation Project created significant delays in the Community Renewal acquisition programme. These factors resulted in under-performance against the measure.

[13] This indicator gained approval to be reduced from the Statement of Intent target of 510–575 to 487–552.

Total gross acquisitions were 110 units short of the target. The principal areas of shortfall were leases and Community Renewal acquisitions. Extra units delivered through the main capital programme partially mitigated the shortfall.

Net acquisitions were 497 deliveries against an output agreement target range of 487–552[14] acquisitions. This adjustment was agreed by the Minister to compensate for 23 Housing Agency properties acquired in 2006/07. The shortfalls in leases and Community Renewal acquisitions were partially mitigated by the extra units delivered by the main capital programme, and less disposals over the year.

Modernisation

Performance indicator	Measure	Actual	Variance
Total number of homes to be addressed through the modernisation programme	1,500-1,650 interventions	1,585	-

14 This indicator gained approval to be reduced from the Statement of Intent target of 510–575 to 487–552.

Priority three

Innovate in the development and delivery of services

The key performance indicators and supporting indicators of this priority relate to the Corporation's mandate regarding land and property development, and providing assistance to help people understand the financial commitment and skills required to undertake and maintain home ownership. Additional performance information is provided from indicators detailed in the Corporation's output agreement with the Minister of Housing.

Key performance indicators

Implement the Māori Strategic Plan

Performance indicator	Measure	Actual	Variance
Implement the Māori Strategic Plan	Key initiatives from the Māori Strategic Plan implemented by 30 June 2008	Not achieved	-

Although a number of key initiatives were progressed, overall implementation of key initiatives from the Māori Strategic Plan was not achieved. The need to build the Corporation's capacity resulted in delays in implementing key initiatives for 2007/08 (refer to implementing the Māori Strategic Plan on page 15).

Assisting households into home ownership

Performance indicator	Measure	Actual	Variance
Assist households into home ownership	925–1,130 households assisted through lending and insurance services	716	(209)

This indicator is a combination of the Mortgage Insurance Scheme (Welcome Home Loans) indicator and Low Deposit Rural Lending indicator (see over).

Supporting indicators

Hobsonville project

Performance indicator	Measure	Actual	Variance
The Hobsonville project will be implemented through the meeting of key planning milestones	Milestones achieved	Achieved	-

The key planning milestones were achieved (refer to the Hobsonville Land Company 2007/08 sustainability report on page 115).

Key principles underpinning the Māori housing situation

Performance indicator	Measure	Actual	Variance
Consider the key principles underpinning the Māori housing situation	Key principles identified and responses incorporated into the Māori Strategic Plan	Achieved	-

Home Ownership Education programme

Performance indicator	Measure	Actual	Variance
Provide a Home Ownership Education programme	4,000–5,000 participants	5,000	-

Offer a Mortgage Insurance Scheme

Performance indicator	Measure	Actual	Variance
Offer a Mortgage Insurance Scheme	900–1,100 loans underwritten	690	(210)

The Mortgage Insurance Scheme target was not achieved. The lower uptake of settled loans was due to high house prices and a substantial slowdown in the housing market (refer to the Welcome Home Loan scheme on page 16).

Low Deposit Rural Lending

Performance indicator	Measure	Actual	Variance
Number of low deposit rural loans approved	25–30	26	-

Shared Equity scheme

Performance indicator	Measure	Actual	Variance
Develop systems and processes to enable the Government to introduce a Shared Equity scheme	Shared Equity implementation completed by 30 June 2008	Achieved	-

The Shared Equity scheme was introduced on 1 July 2008.

Additional performance information

Capacity building for Pacific peoples

Performance indicator	Measure	Actual	Variance
Capacity building for Pacific peoples - estimated number of participants receiving support	60–100	144	44

Capacity building for Pacific peoples was exceeded. Service providers were able to provide capacity building to additional participants despite the appropriation for this programme being underspent.

Low Deposit Rural Lending education and support

Performance indicator	Measure	Actual	Variance
Estimated number of Low Deposit Rural Lending education participants receiving support	400–500	453	-

Essential repairs suspensory loans – Northland, East Cape and Eastern Bay of Plenty

Performance indicator	Measure	Actual	Variance
Total number of loans approved for essential repairs in the Northland, East Cape and Eastern Bay of Plenty regions.	240–280	215	(25)

The number of approved essential repair suspensory loans was not achieved. The measure set at the beginning of the financial year assumed that all business cases would be completed by April 2008. The combination of business cases being approved late in the financial year and the time required to issue code compliance certificates for completed projects reduced the number of projects that could be assessed as being completed.

Rural Housing Programme

Performance indicator	Measure	Actual	Variance
Total number of households assisted for infrastructure in rural areas	Assisting 40–60 households for infrastructure in rural areas	42	-

New Zealand Fire Service – smoke alarms

Performance indicator	Measure	Actual	Variance
Estimated number of homes visited	5,000 homes visited	4,477	(523)
Estimated number of smoke alarms installed	12,500 fire alarms installed	12,995	495

The number of homes visited was not achieved. The shift towards in-home fire safety education mid-year created slight under-achievement of the homes visited target. However, despite the lower-than-anticipated number of visits, the number of fire alarms installed was exceeded.

Lending assistance for non-weathertight homes

Performance indicator	Measure	Actual	Variance
Delivering lending assistance for non-weathertight homes	Approving and accepting 40–60 home loans and guarantees for non-weathertight homes	18	(22)

The total number of loans settled during the year was not achieved. The number of loans issued is dependent on the number of applications received that meet the criteria. The measure is for a two-year pilot. The appropriation is allocated to enable continued delivery in 2008/09.

Rural Housing Programme – housing assistance

Performance indicator	Measure	Actual	Variance
Total number of suspensory loans for essential repairs for rural-rollout areas	Approving 60–65 loans for essential repairs	74	9

Funding for community agencies

Performance indicator	Measure	Actual	Variance
Funding distributed to community agencies	≤55% of Community Group houses will receive rent support	46%	-

Priority four

Lever partnerships with community and private organisations

The key performance indicators and supporting indicators of this priority relate to strengthening the capability of social housing providers and supporting local government, community-based organisations and iwi to provide social housing and other community initiatives. Additional performance information is provided from indicators detailed in the Corporation's output agreement with the Minister of Housing.

Key performance indicators

Provide assistance to supply additional social housing

Performance indicator	Measure	Actual	Variance
Provide assistance to local authorities, community providers and iwi to supply additional social housing	Additional range of 60–80 social housing units provided	81	1
	Modernisation of 330–350 local government units supported	363	13

Strategic partnership model

Performance indicator	Measure	Actual	Variance
Develop and implement a strategic partnership model to engage with key agencies	Model developed and deployed by 30 June 2008	Achieved	-

Supporting indicators

Provide loans to local authorities and community organisations

Performance indicator	Measure	Actual	Variance
Provide loans to local authorities and community organisations to develop sustainable housing portfolios	$12 million of loans approved and accepted for the Housing Innovation Fund	$11.845 million	-

The appropriation for this activity gained approval to be increased to $12.014 million. Despite the full amount of $12.014 million being drawn down, two loans amounting to $0.169 million were completed under budget and the underspent amounts refunded to the Crown.

Additional performance information

Community-owned rural rental support funding

Performance indicator	Measure	Actual	Variance
Total number of grants made to rural-based community organisations	Up to 3 contracts	1	(2)

Forecast activity was revised during the year and surplus funds were returned to the Crown.

Community ventures

Performance indicator	Measure	Actual	Variance
Capability funding for rural housing service providers	10 – 16	-	(10)

Work on this programme did not proceed as a consequence of Cabinet decisions on the Rural Housing Programme.

Housing Innovation Fund

Performance indicator	Measure	Actual	Variance
Number of capacity grants provided to community organisations	Up to 45 grants provided	55	10

Wellington City Council housing project

Performance indicator	Measure	Actual	Variance
Sign the deed of grant that outlines the Crown's expectations in detail to complete the upgrade	Deed of grant that outlines the Crown's expectations signed by 30 September 2007	Not achieved	-

The signing of the deed of grant before 30 September 2007 was not achieved. The deed of grant was signed on 26 August 2008.

Assistance to local authorities, community providers and iwi to supply social housing

Performance indicator	Measure	Actual	Variance
Provide assistance to local authorities, community providers and iwi to supply additional social housing	10–15 Housing Innovation Fund loans approved	13	-

Community-owned rural rental loans

Performance indicator	Measure	Actual	Variance
Total number of community-owned rural rental loans approved	1 loan approved to provide up to 8 rental houses in the community	1 loan approved providing 16 rental units	-

Priority five

Develop organisational capacity

The key performance indicators and supporting indicators of this priority relate to enhancing organisational skills, knowledge and capability. Additional performance information is provided from indicators detailed in the Corporation's output agreement with the Minister of Housing.

Key performance indicators

Overall staff satisfaction

Performance indicator	Measure	Actual	Variance
Overall staff satisfaction	≥70% level of satisfaction	Not tested	-

A decision was made early in 2007/08 not to proceed with a staff satisfaction survey in the current year. As a result, no indicator of staff satisfaction is available for 2007/08.

The Nexus data warehouse project

Performance indicator	Measure	Actual	Variance
Develop and implement the data warehouse project	Nexus project implemented by 30 June 2008	Achieved	-

Complete corporate financial governance project

Performance indicator	Measure	Actual	Variance
Complete corporate financial governance project	Review completed and recommendations implemented by 30 June 2008	Achieved	-

Supporting indicators

Staff turnover

Performance indicator	Measure	Actual	Variance
Staff turnover rate	10%–15%	16%	(1%)

The staff turnover rate target was not achieved. Unplanned turnover for the 12 months ending 30 June 2008 was 16 percent (an increase from 15.13 percent for the year ending 30 June 2007). While the year-end measure was not met, the turnover rate is considered acceptable given the tight employment market for skilled and experienced employees.

Public trust and confidence

Performance indicator	Measure	Actual	Variance
Public trust and confidence in the Corporation	52% confidence by the public	51%	(1%)
	75% knowledge about the Corporation	72%	(3%)

The public trust and confidence in the Corporation target was not achieved. The Corporation accepts that it will take time for the positive changes in the Corporation's new operating model to deliver sustained improvement to these two indicators.

Management development

Performance indicator	Measure	Actual	Variance
Management development programme	Programme completed and implemented by 30 June 2008	Achieved	-

Competency based learning and development

Performance indicator	Measure	Actual	Variance
Competency based learning and development system	Designed and implemented by 30 June 2008	Achieved	-

Manage the review of the documentation of Board processes

Performance indicator	Measure	Actual	Variance
Manage the review of the documentation of Board processes	Review completed and recommendations implemented by 30 June 2008	Achieved	-

Priority six

Share responsibility for the *New Zealand Housing Strategy*

The key performance indicators and supporting indicators of this priority relate to strategic and operational policy advice, ministerial support, and research and evaluation that supported the *New Zealand Housing Strategy*. Additional performance information is provided from indicators detailed in the Corporation's output agreement with the Minister of Housing.

Key performance indicators

Policy advice delivered

Performance indicator	Measure	Actual	Variance
Policy advice will be delivered according to the agreed policy and research work programme and any subsequent amendments	100% of work programme completed	100%	-

Supporting indicators

New Zealand Housing Strategy

Performance indicator	Measure	Actual	Variance
Monitor progress and development under the *New Zealand Housing Strategy*	Prepare indicator report on housing sector	Achieved	-

Policy work programme

Performance indicator	Measure	Actual	Variance
Reporting on the policy work programme will be included in the Corporation's quarterly report	Reports submitted 7 days post month end	Achieved	-

Additional performance information

Ministerial support

Performance indicator	Measure	Actual	Variance
Ministerial replies will meet the quality criteria in accordance with the standard checklist	95% of the replies will meet the quality criteria	96%	1%
Replying to ministerial correspondence, Parliamentary questions and Official Information Act requests	95% of draft requests will meet the agreed deadline	89%	(6%)

Responses to ministerial correspondence, Parliamentary questions and Official Information Act requests was not achieved (refer to ministerial support on page 24).

Evaluation of the Rural Housing Programme

Performance indicator	Measure	Actual	Variance
Research and evaluation projects delivered to inform future policy development	100% of evaluation projects completed and delivered	100%	-
Research and evaluation projects will be delivered in accordance with the Corporation's generic quality standards, and will be subject to regular internal review and expert external appraisal	Projects judged satisfactory or better by internal and external appraisal	Achieved	-

Housing New Zealand Corporation Financial statements 2007/08

Balance sheet as at 30 June 2008

	Notes	Group 2008 ($m)	Group 2007 ($m)	Budget (Unaudited) 2008 ($m)	Parent 2008 ($m)	Parent 2007 ($m)
Assets						
Current assets						
Cash and cash equivalents	**6(a)**	84	14	0	70	0
Mortgage advances	**8**	3	3	0	3	3
Receivables and prepayments	**7**	26	41	46	45	154
Advance to Housing Agency Account		1	41	32	1	39
Interest rate derivatives	**6(d)**	1	1	0	0	0
Investments	**9**	23	24	61	23	24
Properties intended for sale	**10**	20	16	26	1	7
Total current assets		**158**	**140**	**165**	**143**	**227**
Non-current assets						
Property, plant and equipment	**11**	15,176	14,847	13,421	481	473
Properties under development	**13**	24	21	0	0	0
Mortgage advances	**8**	93	72	96	93	72
Investments	**9**	0	0	0	3,447	3,342
Interest rate derivatives	**6(e)**	33	63	0	2	4
Intangible assets	**12**	12	4	14	0	0
Total non-current assets		**15,338**	**15,007**	**13,531**	**4,023**	**3,891**
Total assets		**15,496**	**15,147**	**13,696**	**4,166**	**4,118**
Liabilities						
Current liabilities						
Rent in advance		13	15	0	1	1
Accounts payable and other liabilities	**14**	129	139	132	24	22
Loans	**6(b)**	171	248	50	21	40
Provisions	**15**	4	4	0	4	4
Employee entitlements		4	4	3	4	4
Interest rate derivatives	**6(f)**	0	0	(1)	0	0
Total current liabilities		**321**	**410**	**184**	**54**	**71**

The above statement should be read in conjunction with the accompanying notes.

Balance sheet (continued) as at 30 June 2008

	Notes	Group 2008 ($m)	Group 2007 ($m)	Budget (Unaudited) 2008 ($m)	Parent 2008 ($m)	Parent 2007 ($m)
Non-current liabilities						
Loans	**6(c)**	1,624	1,552	1,808	282	256
Deferred tax liability	**4**	1,233	1,299	1,320	11	14
Interest rate derivatives	**6(g)**	3	4	0	2	0
Mortgage Insurance Scheme	**20**	11	9	0	11	9
Provisions	**15**	8	9	22	8	9
Total non-current liabilities		**2,879**	**2,873**	**3,150**	**314**	**288**
Total liabilities		**3,200**	**3,283**	**3,334**	**368**	**359**
Net assets		**12,296**	**11,864**	**10,362**	**3,798**	**3,759**
Equity						
Equity attributable to the Parent		3,587	3,488	3,595	3,587	3,488
Retained earnings		(77)	(131)	38	63	55
Revaluation reserve		8,762	8,465	8,078	146	213
Hedging reserve		24	42	(1,349)	2	3
Total equity		**12,296**	**11,864**	**10,362**	**3,798**	**3,759**

For and on behalf of the Board, who authorise the issue of these financial statements on 10 September 2008.

Patrick N Snedden
Chairman

10 September 2008

Lope Ginnen
Deputy Chair

10 September 2008

The above statement should be read in conjunction with the accompanying notes.

Income statement for the year ended 30 June 2008

	Notes	Group 2008 ($m)	Group 2007 ($m)	Budget (Unaudited) 2008 ($m)	Parent 2008 ($m)	Parent 2007 ($m)
Revenue						
Rental income from tenants		362	341	353	15	14
Rental income from income-related rent subsidy		476	440	483	4	4
Interest income	3(e)	38	49	3	17	19
Crown appropriation income	3(a)	32	20	38	32	20
Other income	3(b)	1	4	4	129	109
Realised gains on debt	3(f)	8	14	0	0	0
Total operating revenue		**917**	**868**	**881**	**197**	**166**
Expenses						
Repairs and maintenance		187	159	178	16	14
Rates		98	92	97	2	2
Third party rental leases		53	46	43	8	7
Depreciation and amortisation	3(c)	179	167	174	6	6
Personnel	3(d)	69	64	67	68	64
Interest costs	3(e)	157	164	131	26	23
Realised losses on financial liabilities	3(f)	10	8	0	0	0
Other expenses	3(g)	83	95	113	61	51
Total operating expenses		**836**	**795**	**803**	**187**	**167**
Operating surplus/(deficit) before tax		81	73	78	10	(1)
Income tax expense/(benefit)	4	35	31	34	(2)	(3)
Net surplus after tax		**46**	**42**	**44**	**12**	**2**

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2008

Amounts recognised directly in equity for the years ended 30 June 2007 and 2008 are:

	Notes	Group 2008 ($m)	Group 2007 ($m)	Budget (Unaudited) 2008 ($m)	Parent 2008 ($m)	Parent 2007 ($m)
Balance at 1 July		**11,864**	**10,075**	**11,572**	**3,759**	**3,598**
Property, plant and equipment						
Revaluation gains/(losses/transfers) taken to equity		267	1,502	0	(68)	18
Deferred tax on asset revalutions (at 30%)		30	(0*)	(1,346)	1	3
Financial assets at fair value through equity						
Revaluation gains/(losses) taken to equity	4	(27)	61	0	(2)	3
Deferred tax on financial derivatives	4	9	(18)	0	1	(1)
		279	1,545	(1,346)	(68)	23
Net surplus/(deficit) for the year		46	42	44	12	2
Total recognised income and expense		**325**	**1,587**	**(1,302)**	**(56)**	**25**
Retained earnings		21	73	0	9	7
Capital contributions		99	149	102	99	149
Repayment of dividends to the Crown	5	(13)	(20)	(10)	(13)	(20)
Balance at 30 June		**12,296**	**11,864**	**10,362**	**3,798**	**3,759**
Capital contributions						
Opening balance		3,488	3,339		3,488	3,339
Contributions from the Crown		99	149		99	149
Closing balance		3,587	3,488		3,587	3,488
Retained earnings						
Opening balance		(131)	(226)		55	66
Net surplus		46	42		12	2
Other transfers directly taken to equity		(13)	48		(1)	5
Net transfer from asset revaluation reserve on disposal		34	25		10	2
Dividends paid to the Crown		(13)	(20)		(13)	(20)
Closing balance		(77)	(131)		63	55
Asset revaluation reserve						
Opening balance		8,465	6,963		213	192
Revaluations		331	1,527		(57)	23
Net transfer from revaluation reserve on disposal		(34)	(25)		(10)	(2)
Closing balance		8,762	8,465		146	213
Hedging reserve						
Opening balance		42	(1)		3	1
Revaluation gains/(losses) taken to equity		(18)	43		(1)	2
Closing balance		**24**	**42**		**2**	**3**

* Deferred tax increased in 2007, as a result of asset revaluations, by $102.56 million for the Group (Parent, $2.28 million). In the same year the reduction in the corporate tax rate resulted in an offsetting reduction in deferred tax of $102.54 million (Parent, $1.15 million). The net movement in whole millions in 2007 for deferred tax was therefore zero.

The above statement should be read in conjunction with the accompanying notes.

Cash flow statement for the year ended 30 June 2008

	Notes	Group 2008 ($m)	Group 2007 ($m)	Budget (Unaudited) 2008 ($m)	Parent 2008 ($m)	Parent 2007 ($m)
Cash flows from/(used) in operating activities						
Rent receipts - tenants		357	338	351	15	14
Rent receipts - income-related rent subsidy		476	440	483	4	4
Other receipts from the Crown		32	23	38	31	22
Interest received from customers and investments		10	8	7	9	8
Other receipts		4	7	2	131	112
Payments to suppliers and employees		(462)	(447)	(474)	(141)	(136)
Income tax paid		(66)	(54)	(66)	(1)	3
Interest paid		(129)	(126)	(133)	(16)	(14)
Net cash flows from operating activities	**17**	222	189	208	32	13
Cash flows from/(used) in investing activities						
Sale of rental properties and management assets		29	16	23	15	16
Mortgage and other lending repayments		8	14	17	8	14
Loan to Housing Agency Account		40	(12)	0	40	(12)
Purchase of rental properties and management assets		(283)	(330)	(318)	(30)	(33)
Mortgage and other lending		(29)	(18)	(43)	(29)	(18)
Change in short-term investments		1	(10)	(2)	0	4
Advances (to)/from Group companies		0	0	0	47	0
Investment in subsidiaries		0	0	0	(105)	(119)
Net cash flows from investing activities		(234)	(340)	(323)	(54)	(148)
Cash flows from/(used) in financing activities						
Capital contributions		99	149	102	99	149
Crown borrowings		153	301	21	6	6
Dividends paid	**5**	(13)	(20)	(10)	(13)	(20)
Other debt increase/(repayment)		(157)	(279)	2	0	0
Net cash flows from financing activities		82	151	115	92	135
Net cash flows		70	0	0	70	0
Opening cash and cash equivalents	**6(a)**	14	14	0	0	0
Closing cash and cash equivalents	**6**	**84**	**14**	**0**	**70**	**0**

The above statement should be read in conjunction with the accompanying notes.

Notes to the financial statements of Housing New Zealand Corporation for the year ended 30 June 2008

1. Corporate information

Housing New Zealand Corporation is a Statutory Corporation (Crown-owned entity) operating under the Housing Corporation Act 1974 (as amended). The core business of Housing New Zealand Corporation (the Corporation) and its subsidiaries is to give effect to the Crown's social objectives by providing housing, and services related to housing, in a business-like manner, and to ensure the Minister of Housing receives appropriate policy advice, other advice, and information on housing and services related to housing.

The financial statements have been prepared in accordance with the generally accepted accounting practice in New Zealand (GAAP), being NZ International Financial Reporting Standards (NZ IFRS) and the requirements of the Financial Reporting Act 1993, the Crown Entities Act 2004 and the Housing Corporation Act 1974 (as amended).

The financial statements for the year ended 30 June 2008 were authorised for issue in accordance with a resolution of the Members on 10 September 2008.

The Parent and its subsidiaries are public benefit entities (PBE), defined as 'reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders'.

The registered office of the Corporation is at Level 3, 28 Grey Street, Wellington.

The Corporation has applied all public benefit entity reporting exemptions available to it.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for rental properties, freehold land, derivative financial instruments, Crown borrowings at a fixed interest rate, actuarially assessed provisions, and available for sale financial assets, which have been measured at fair value.

The financial statements are presented in New Zealand dollars, which is the functional currency of the Group, and all values are rounded to the nearest million dollars ($m).

(b) Statement of compliance

The financial statements comply with the applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

This is the first set of financial statements prepared based on NZ IFRS, therefore comparatives for the year ended 30 June 2007 have been restated accordingly. Reconciliations of:

- equity as at 30 June 2006 under previous GAAP and under NZ IFRS
- equity as at 30 June 2007 under previous GAAP and under NZ IFRS
- profit for the year to 30 June 2007 under previous GAAP and under NZ IFRS are detailed in the notes below.

(c) New accounting standards and interpretations

Standards and interpretations that have recently been issued or amended but are not yet effective and that have not been adopted by the Group for the annual reporting period ending 30 June 2008 are:

Reference	Title	Summary	Application date of standard*	Impact on Group financial report
NZ IFRIC 12	Service Concession Arrangements	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment	1 July 2008	As the Group does not enter into service concession arrangements or public-private-partnerships, the amendments will not impact on the Group's financial statements
NZ IFRIC 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services	1 July 2008	The Group does not have any customer loyalty programmes and this interpretation is not expected to have any impact on the Group's financial statements
NZ IFRIC 14	NZ IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan	1 July 2008	The Group does not have a defined benefit pension plan and this interpretation will not impact on the Group's financial statements
NZ IFRS 8	Operating Segments	New standard replacing NZ IAS 14 *Segment Reporting*, which adopts a management approach to segment reporting	1 July 2009	The Group takes advantage of a Public Benefit Entity exemption for segment reporting and will therefore not be affected by the replacement of IAS 14 by NZ IFRS 8
NZ IAS 23 (revised)	Borrowing Costs	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset must be capitalised	1 July 2009	The amendments to NZ IAS 23 require that all borrowing costs associated with a qualifying asset be capitalised. Investment properties are qualifying assets and from 1 July 2009 interest costs must therefore be capitalised. The impact on the Group may be significant, but has not yet been quantified for the first reporting date – 30 June 2010
NZ IAS 1 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements	1 July 2009	The amendments are expected to affect only the presentation of the Group's financial statements and will not have a direct impact on the measurement and recognition of amounts under the current NZ IAS 1. The Group has not determined at this stage whether to present the new statement of comprehensive income as one or two statements
Amendments to NZ IFRS 4	Proposed Amendments to NZ IFRS 4 Insurance Contracts - The Scope of Insurance Activities and Differential Reporting Concessions	Specifies the scope of insurance activities and removes differential reporting exemptions	1 July 2009	The Group does not issue insurance contracts, but is involved in some insurance activities, including the Mortgage Insurance Scheme. The impact is unlikely to be significant but has yet to be quantified
Amendments to NZ IFRS 2	Amendments to NZ IFRS 2 Share-based Payments – Vesting Conditions and Cancellations	Restricts the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation	1 July 2009	The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect implications in its accounting for share-based payments

Reference	Title	Summary	Application date of standard*	Impact on Group financial report
Amendments to NZ IAS 32 and NZ IAS 1	Revised Amendments to NZ IAS 32 Financial Instruments: Presentation and NZ IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	The amendment to NZ IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to NZ IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity	1 July 2009	The Group does not expect these amendments to impact the financial statements of the Group
NZ IFRS 3 (revised) and NZ IAS 27 (amended)	NZ IFRS 3 Business Combinations (revised) and NZ IAS 27 Consolidated and Separate Financial Statements (amended)	NZ IFRS 3 (revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. NZ IAS 27 (amended) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amendment standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary	1 July 2009	The changes introduced by NZ IFRS 3 (revised) and NZ IAS 27 (amended) must be applied prospectively and will affect any future acquisitions and transactions with minority interest
Amendments to NZ IFRS 1 and NZ IAS 27	Amendments to NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards and NZ IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The amendments to NZ IFRS 1 allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. The amendments to NZ IAS 27 delete the 'cost method'. NZ IAS 27 will require all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in its separate financial statements. The distinction between pre- and post-acquisition profits is no longer required. Payment of such dividends requires the entity to consider whether there is an indicator of impairment	1 July 2009	The Group does not expect these amendments to significantly impact its financial statements
Improvements to NZ IFRS	Improvements to NZ IFRS	The omnibus of amendments sets out amendments to NZ IFRS as a result of the International Accounting Standards Board's annual improvements project	c30 June 2009	The Group does not expect these amendments to significantly impact its financial statements, though there will be minor presentational changes

*** designates the beginning of the applicable annual reporting period**

(d) Basis of Group

The Group financial statements comprise the financial statements of Housing New Zealand Corporation and its subsidiaries (the Group) as at 30 June each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Subsidiaries have been included in the Group financial statements using the purchase method of accounting, which measures the acquiree's assets and liabilities at their fair value at acquisition date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-entity balances and transactions have been eliminated in full.

(e) Foreign currency translation

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the transaction date.

At balance date, any foreign currency borrowings are carried at fair value, with changes in fair value being included in the income statement.

Hedging transactions undertaken to establish the price of particular foreign currency transactions, or to hedge foreign currency borrowings, are carried at fair value, with changes in fair value being included in the income statement.

(f) Property, plant and equipment

Motor vehicles, office equipment, furniture and fittings, computer hardware, and leasehold improvements are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful life of the equipment as follows.

- Motor vehicles - 5 years
- Office equipment - 5 years
- Furniture and fittings - 10 years
- Computer hardware - 4 years
- Leasehold improvements – the shorter of the period of lease or estimated useful life

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of this asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the item is derecognised. Gain or loss on sales is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

(g) Rental property, land and buildings

Housing for community groups held by Housing New Zealand Corporation, and state housing held by Housing New Zealand Limited and Property Lease (No. 1) Limited is, on purchase or construction, recognised at cost. It is then revalued annually, on a class basis, to fair value.

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

Any surplus arising on the revaluation of freehold land and rental properties is recognised in the asset revaluation reserve in the equity section of the balance sheet. A revaluation deficit greater than the asset revaluation reserve is recognised as an expense in the income statement in the period it arises. Revaluation surpluses that reverse previous revaluation deficits recognised in the income statement are recognised as revenue in the income statement. Any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset.

An item of property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of this asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is included in the income statement in the year the item is derecognised. Gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Depreciation is calculated on a straight line basis over the estimated useful life of the building as follows.

- Rental properties - 40 years

(h) Work in progress

Construction work in progress in Housing New Zealand Corporation and Housing New Zealand Limited is recognised at cost. On completion, the property will be held by the same entity, whereupon it will be accounted for as rental property.

(i) Property intended for sale

Property previously held but now being sold as it is no longer required is classified as a property held for sale. This classification is used where the carrying amount of the property will be recovered through sale, the property is available for immediate sale in its present condition and sale is highly probable.

Property held for sale is recorded at the lower of the carrying amount and fair value, less costs to sell. From the time a property is classified as held for sale, depreciation is no longer charged on the improvements.

Where property is held for sale or for development for sale, in the ordinary course of business, it is classified as inventory. Such property is recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Any write-downs to net realisable value are expensed in the income statement

HNZC Property Developments Limited's (PDL) business is to subdivide large pieces of land, where the Group does not intend to retain all of the resulting titles. After subdivision it will sell the land to other members of the Group or external entities. PDL will not retain any properties for the long term. As PDL property is held for development for sale, in the ordinary course of business, it is classified as inventory.

(j) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(k) Intangible assets

The Group has computer software, which is a non-monetary asset without physical substance, and therefore is classified as an intangible asset. Intangible assets include software that has been externally developed as well as software that has been internally generated. Software is developed to meet Board-approved changes and improvements to the Corporation's way of working, structures, processes, products and systems. Major projects in this area include Rentel (tenancy management system), Nexus (data management system), EDMS (electronic document management system) and PMO (project management office). The useful life of computer software has been assessed as four years.

Computer software is capitalised at cost, and the capitalised cost is amortised over four years. Following initial recognition, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation is taken to the income statement.

Computer software is tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of computer software are recognised in the income statement when the asset is derecognised. They are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

(l) Impairment

All assets are assessed for impairment at least annually.

Where there are indicators of impairment for those assets, their recoverable amount will be determined. Where the recoverable amount is lower than the carrying amount, an impairment loss will be recognised, and the asset written down to the recoverable amount.

Revaluations of property are performed annually to ensure property is not generally carried at an amount materially below its recoverable amount. However, where there are specific indicators of impairment during the financial year, a property will be assessed for impairment. An impairment loss is recognised first against the revaluation reserve for that property, then the portion of the loss greater than the asset revaluation reserve is recognised as an expense in the income statement in the period it arises. Any gain or loss arising on disposal of the asset calculated is included in the income statement in the year the item is disposed of. Gain or loss arising on disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

The recoverable amount of corporate assets and finite-life intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to their recoverable amount.

The recoverable amount of corporate assets and computer software is the greater of fair value less costs to sell and value in use.

In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement.

(m) Investments

All investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments that are classified as available for sale are measured at fair value. For investments where there is no quoted market price, fair value is calculated based on the expected cash flows of the underlying net asset base of the investment.

Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are recognised in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as loans and receivables and are measured at amortised cost using the effective interest method. Investments intended to be held for an undefined period are not included in this classification. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

(n) Mortgages and housing-related lending

Mortgage advances are stated at amounts outstanding net of provisions made on advances considered doubtful for collection, ensuring mortgage advances' carrying values do not exceed their recoverable amount.

The mortgage provision reflects an amount considered adequate to provide for probable losses based on the best information available at balance date, for loans identified as having particular risk, where security is considered inadequate.

(o) Trade and other receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term liquid investments with original maturities up to six months.

(q) Interest-bearing borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing borrowings, with the exception of those detailed separately below, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Fixed rate Crown loans, bonds, and all Euro medium term notes are recognised at fair value. The fair value of Crown loans, bonds, Euro medium term notes is determind by reference to current rates, to similar instruments and similar maturity profiles and is calculated as the net discounted estimated cash flows of the instruments.

Gains and losses are recognised in the income statement when the liabilities are derecognised and through the fair valuing and amortisation processes for liabilities carried at amortised cost. Gains and losses are recognised on an ongoing basis.

(r) Mortgage insurance provisions

The unearned premium reserve consists of the unrealised amount of premium received. This is determined by apportioning premiums received over the relevant periods of risk underwritten, based on actuarially assessed risk factors.

The provision for claims is based on the actuarial assessment of the present value of the estimated cost of future claims, in excess of unearned premium reserve.

Any estimate of future monetary amounts is in nominal dollars and no inflationary increases have been built in.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Group has a legal obligation to fund Westpac Banking Corporation for mortgages sold to it that go to mortgagee sale, but generate a shortfall on the loaned amount. Provisions related to those obligations have been recorded based upon the present value of a best estimate actuarially determined assessment of likely losses.

The expense relating to any provision is presented in the income statement.

As the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

(t) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. All of the Group's leases are operating leases.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(u) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Crown operating appropriations
The Group receives revenue from the Crown as operating appropriations. Crown appropriation revenue is received to subsidise third party revenue to bring it to market value (such as rent, premium and interest subsidies), to pay for services provided to the Crown (such as policy advice, government relations, research and evaluation), or to reimburse the Group for expenses incurred by operating various programmes (such as home ownership education courses). All Crown appropriation revenue is recognised as it is earned. Where relevant, the policy for Crown appropriation revenue is included in the accounting policy for its revenue item below.

Rental income
Rental income, including rental income from the Crown (income-related rent subsidy), is recognised on a straight line basis over the lease term.

Mortgage insurance income
The premium income realised and the movement in provision for claims during the year are recognised in the income statement. Premiums, including premium subsidies from the Crown, are realised over the estimated period of the contract in accordance with the pattern of the incidence of risk expected under the contract, which is an estimate when the premium is earned.

Interest income
Interest revenue on mortgages, including interest subsidies from the Crown, and short-term investments is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Management fees
The Group receives management fees, on a cost recovery basis, from the Housing Agency Account for managing the development of land. The Parent receives management fees from subsidiaries for managing their operations. Management fees are recognised as income in the period the expenses they relate to are incurred.

Dividends
The Parent receives dividends from subsidiaries. Dividends are recognised in the Parent's income statement when the shareholders' right to receive the payment is established.

(v) Contingent assets

The Group has made grants and suspensory loans to third parties, with conditions attached for an agreed period. If the conditions are breached, the grant or suspensory loans will be repayable. If conditions have been breached, or are likely to be breached, the Group will disclose a contingent asset, as there will be a possibility that resources will flow to the Group in the future.

(w) Income tax

The income tax expense charged to the income statement includes the current year's provision and the movement in the deferred tax liability and asset.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused assets and unused tax losses, can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss
- for deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

(x) Other taxes

The Group is mainly an exempt supplier in relation to Goods and Services Tax (GST). GST on the majority of inputs cannot be reclaimed; therefore it is included in expenditure. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed gross of the amount of GST recoverable from, or payable to, the taxation authority.

(y) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(z) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps, cross-currency interest rate swaps and foreign currency contracts to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of derivative financial instruments is determined by reference to current rates for similar instruments with similar maturity profiles, and is calculated as the net discounted estimated cash flows of the instrument.

For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability or a forecasted transaction.

For those interest rate swaps that meet the conditions for hedge accounting as cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the year.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement for the year.

(aa) Financial guarantees

When HNZC entered agreements to sell mortgages to Westpac Banking Corporation in 1996, 1998 and 1999, the Corporation guaranteed a certain number of those mortgages. The mortgage sale provision is the actuarially assessed amount, likely to be payable under the guarantees. In order to estimate the fair value the following assumptions are made:

- House price indices are grouped into 11 geographical areas.
- It is assumed that household income will keep pace with general market inflation.
- A discounted provision is calculated whereby, as interest is added, it will be sufficient to meet expected future payments. The rate of interest used is that obtained by holding New Zealand government bonds.

(ab) Accounts payable and other liabilities

Accounts payable and other liabilities are carried at amortised cost. Due to their short-term nature they are not discounted.

They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and are usually paid within 30 days of recognition.

(ac) Employee entitlements (wages, salaries, annual leave and sick leave)

Employee entitlements include liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ad) Impact of adoption of NZ IFRS

The impacts of adopting NZ IFRS on the total equity and profit after tax as reported under previous New Zealand Generally Accepted Accounting Practice (NZ GAAP) are set out in note 24.

(ae) Changes in accounting policies

There have been no changes in accounting policies. Since the application of NZ IFRS, all accounting policies have been applied on a consistent basis.

(af) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and reasonable current assumptions, the results of which form the basis of the carrying values for assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions, and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technological, economic and political factors and future expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. If no impairment is stated, then management does not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a programme to locate a buyer and dispose of the assets and liabilities.

Taxation

The Group's accounting policy for taxation requires management's judgement. Judgement is also required in assessing whether deferred tax assets and liabilities are recognised in some areas. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where they may be recovered, dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future house prices, rents, housing volumes, operating costs, maintenance costs, rates, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Make good provisions

A provision has been made for the present value of anticipated costs of the future restoration of leased premises to their state at the commencement of HNZC's lease. The calculation of this provision requires assumptions such as the costs of materials, labour, fittings and fixtures. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the balance sheet by adjusting both the expense or asset (if applicable) and provision. The related carrying amounts are disclosed in note 15.

Estimation of useful lives of assets

HNZC reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires HNZC to consider a number of factors such as the physical condition of the asset, expected period of use and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the income statement and the carrying amount of the asset in the balance sheet.

Depreciation rates are set out in note 2(f).

Any estimate of future monetary amounts are in nominal dollars and no inflationary increases have been built in.

3. Revenues and expenses

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
(a) Crown appropriation income				
Appropriation income received for provision of policy advice, research and ministerial support to the Crown	2	3	2	3
Appropriation income received for various housing initiatives	29	16	29	16
Appropriation income received for Low Deposit Rural Lending courses	1	1	1	1
Total Crown appropriation income	**32**	**20**	**32**	**20**
(b) Other income				
Dividends from subsidiaries	0	0	22	13
Management fees from subsidiaries	0	0	106	92
Recognised insurance premium on Mortgage Insurance Scheme Refer note 3(i)	1	2	1	2
Other income	0	2	0	2
Gain on disposal of property, plant and equipment	0	0	0	0
Total other income	**1**	**4**	**129**	**109**
(c) Depreciation and amortisation				
Depreciation – rental properties	170	159	6	6
Depreciation – management assets	6	6	0	0
Amortisation of intangible assets	3	2	0	0
Total depreciation and amortisation	**179**	**167**	**6**	**6**
(d) Employee benefits expense				
Wages and salaries	57	53	56	52
Workers' compensation costs	12	11	12	12
Total employee benefits expense	**69**	**64**	**68**	**64**
(e) Interest expense and (income)				
Interest income	(12)	(11)	(15)	(18)
Net interest on interest rate swaps and cross-currency interest rate swaps	(25)	(7)	(2)	(1)
Realised loss/(gain) on cross-currency interest rate swaps	(1)	31	0	0
Realised loss/(gain) on medium term notes	1	(31)	0	0
Interest expense Crown	152	115	26	23
Other borrowings	4	18	0	0
Interest income	**(38)**	**(49)**	**(17)**	**(19)**
Interest expense	**157**	**164**	**26**	**23**

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
(f) Realised (gain)/loss				
Crown loans – fixed	1	(1)	0	0
Bonds fair value movement	0	(2)	0	0
Euro medium term notes	8	(8)	0	0
Interest rate swaps	1	(3)	0	0
Cross currency interest rate swaps	(8)	8	0	0
Total gain	**(8)**	**(14)**	**0**	**0**
Total loss	**10**	**8**	**0**	**0**
(g) Other expenses				
Tenancy debts written off during the period	2.2	2.2	0.0	0.0
Change in the tenancy debt provision	(0.0)	0.0	(0.0)	0.1
Mortgage bad debts recovered during the period	(0.4)	(0.5)	(0.4)	(1.0)
Change in the mortgage advances provision	0.2	0.0	0.2	0.0
Permanent diminution in asset values	10.5	10.2	0.6	0.0
Members' fees	0.4	0.4	0.2	0.3
Amounts paid to external auditors, refer note 3(h)	0.7	0.7	0.7	0.7
Other	69.8	82.3	60.1	51.4
Total other direct expenses	**83.4**	**95.3**	**61.4**	**51.5**
(h) Amounts paid to external auditors				
Amounts received or due and receivable by Ernst & Young (acting on behalf of the Auditor-General) for:				
• auditing the financial report of the entity and any other entity in the Group entity	0.5	0.5	0.5	0.5
• other services in relation to the entity and any other entity in the Group entity	0.2	0.2	0.2	0.2
Total amounts paid to external auditors	**0.7**	**0.7**	**0.7**	**0.7**
(i) Mortgage Insurance Scheme premiums less claim cost	3	5	3	5
Premium expense	(2)	(3)	(2)	(3)
Claim expense	0	0	0	0
Net underwriting position	**1**	**2**	**1**	**2**

4. Income tax

Major components of income tax expense for the years ended 30 June 2007 and 2008 are:

	Group	Group	Parent	Parent
	2008 ($m)	**2007 ($m)**	**2008 ($m)**	**2007 ($m)**
Income statement				
Current income tax	64	54	(1)	(3)
Deferred income tax relating to temporary differences	(29)	(23)	(1)	(0)
Income tax expense reported in income statement	**35**	**31**	**(2)**	**(3)**
Statement of changes in equity				
Deferred income tax				
Net impact of change in tax rate (reduction to 30%)	4	(132)	0	(1)
Net change in deferred tax due to revaluation of buildings (at 33%)	(33)	113	(1)	(3)
Net change in deferred tax due to hedged financial derivatives (at 33%)	(10)	19	(1)	1
Income tax expense reported in equity	**(39)**	**0**	**(2)**	**(3)**

The reconciliation between the income tax expense recognised in the income statement and the accounting profit before income tax less the Group's applicable income tax rate for the years ended 30 June 2007 and 2008 is as follows:

Accounting profit before tax from continuing operations	81	73	10	(1)
Taxation at the statutory income tax rate of 33% (2007, 33%)	27	24	3	(0)
Plus tax effect of:				
Permanent differences				
Non-deductible expenses	5	5	2	2
Other	0	0	(7)	(5)
Impact of change in tax rate	3	2	0	0
Income tax expense reported in income statement	**35**	**31**	**(2)**	**(3)**

Average effective income tax rate for the whole HNZC Group is 43.2% for 2008 (2007, 42.5%).

The deferred tax liability movements are:

Opening balance	1,299	1,322	14	17
Prior period adjustment	1	(1)	0	0
Financial derivatives (at 33%)	(10)	22	(1)	1
Rental property building revaluations (at 33%)	(33)	113	(1)	(3)
Impact of change in tax rate (reduction from 33% to 30%)	7	(130)	0	(1)
Deferred tax on temporary differences (at 33%)	(31)	(27)	(1)	0
Closing balance	**1,233**	**1,299**	**11**	**14**

Deferred income tax as at 30 June 2008 relates to the following:

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Deferred tax liabilities				
Rental property building revaluations	1,229	1,289	17	19
Financial derivatives	10	18	1	1
Other	2	0	0	(0)
Gross deferred tax liabilities	**1,241**	**1,307**	**18**	**20**
Deferred tax assets				
Provisions – employee entitlements	(1)	(1)	(2)	(1)
Provisions – other	(5)	(6)	(4)	(5)
HNZC Property Developments Ltd deferred expenditure	(1)	(1)	0	0
Management assets	(1)	(0)	(0)	(0)
Other	(0)	(0)	(1)	0
Gross deferred tax assets	**(8)**	**(8)**	**(7)**	**(6)**
Net deferred tax liability	**1,233**	**1,299**	**11**	**14**

5. Dividends paid and proposed

	Group	Group	Group	Parent	Parent	Parent
	Proposed 2008 ($m)	2008 ($m)	2007 ($m)	Proposed 2008 ($m)	2008 ($m)	2007 ($m)
Dividends	6	13	20	6	13	20
Total dividends	**6**	**13**	**20**	**6**	**13**	**20**

The Corporation is required to return its surplus to the Crown as a dividend each year. In 2008 the surplus available for dividend has been calculated after the deduction of all tax payable, which is consistent with the pre NZ IFRS practice in 2007. In May 2008 the Crown also agreed to allow the Corporation to retain $10 million of its 2008 surplus to provide funding for the Rural Housing Programme in 2009. The proposed dividend therefore represents the surplus available for dividend from the 2008 financial year, after tax payable has been deducted and after retaining $10 million to fund the Rural Housing Programme in 2009.

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Imputation credit account				
Balance at beginning of the year	164	120	164	120
Imputation credits attached to dividends paid during the year	(6)	(10)	(6)	(10)
Income tax paid/(refunded) for the year	64	54	64	54
Balance at end of the year	**222**	**164**	**222**	**164**

6. Categories of financial assets and liabilities

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

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Financial assets				
Loans and receivables				
Debtors and other receivables	26	41	45	154
Overnight investments	14	14	0	0
Mortgages	96	75	96	75
Total loans and receivables	**136**	**130**	**141**	**229**
Financial assets available for sale at fair value through equity				
Bank registered certificates of deposit	70	0	70	0
Bank registered certificates of deposit - provisions	23	24	23	24
Total financial assets available for sale at fair value through equity	**93**	**24**	**93**	**24**
Derivatives assets at fair value through income statement				
Interest rate swaps - not hedged accounted	0	1	0	0
Total derivatives assets at fair value through income statement	**0**	**1**	**0**	**0**
Derivatives assets at fair value through equity				
Interest rate swaps - cashflow hedges	34	63	2	4
Total derivates assets at fair value through equity	**34**	**63**	**2**	**4**
Financial liabilities				
Derivatives liabilities at fair value through income statement				
Interest rate swaps - not hedged accounted	0	4	0	0
Total derivatives liabilities at fair value through income statement	**0**	**4**	**0**	**0**
Derivatives liabilities at fair value through equity				
Interest rate swaps - cashflow hedges	3	0	0	0
Total derivates liabilities at fair value through equity	**3**	**0**	**0**	**0**
Financial liabilities at fair value through income statement				
Crown loans - fixed interest rate	50	50	0	0
Domestic bonds	0	100	0	0
Euro medium term notes	0	28	0	0
Total financial liabilities at fair value through income statement	**50**	**178**	**0**	**0**
Financial liabilities measured at amortised cost				
Crown loans - floating interest rate	1,745	1,592	303	296
Commercial paper	0	30	0	0
Creditors and other payables	129	139	24	22
Financial guarantees - sold loans	10	12	10	12
Total financial liabilities measured at amortised cost	**1,884**	**1,773**	**337**	**330**

Cash and cash equivalents

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Overnight investments	14	14	0	0
Bank registered certificates of deposit	70	0	70	0
6(a) Total cash and cash equivalents	**84**	**14**	**70**	**0**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate for overnight money market investments is 8.25% (2007, 8%).

The weighted average interest rate on registered certificates of deposit is 8.66% (2007, nil).

Bank registered certificates of deposit are for varying periods of up to six months depending on the immediate cash requirements of the Group.

Fair values

All categories of financial assets and liabilities have been carried at fair value in the balance sheet with the exception of the following:

- the fair value of derivative items has been calculated by discounting the expected future cash flows at prevailing interest rates
- the carrying value of guarantees appoximates fair value.

	Carrying amount	Carrying amount	Fair value	Fair value
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
GROUP				
Financial assets				
Loans and receivables				
Debtors and other receivables	26	41	26	41
Overnight money market investments	14	14	14	14
Mortgages	96	75	57	58
Total loans and receivables	**136**	**130**	**97**	**113**
Financial liabilities				
Financial liabilities measured at amortised cost				
Crown loans - floating interest rate	1,745	1,592	1,745	1,592
Commercial paper	0	30	0	30
Creditors and other payables	129	139	129	139
Financial guarantees - sold loans	10	12	10	12
Total financial liabilities measured at amortised cost	**1,884**	**1,773**	**1,884**	**1,773**

	Carrying amount	Carrying amount	Fair value	Fair value
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
PARENT				
Financial assets				
Loans and receivables				
Debtors and other receivables	45	154	45	154
Mortgages	96	75	57	58
Total loans and receivables	**141**	**229**	**102**	**212**
Financial liabilities				
Financial liabilities measured at amortised cost				
Crown loans - floating interest rate	303	296	303	296
Creditors and other payables	24	22	24	22
Financial guarantees - sold loans	10	12	10	12
Total financial liabilities measured at amortised cost	**337**	**330**	**337**	**330**

Interest bearing borrowings – current and non-current

Set out below is the interest-bearing borrowings analysed by current and non-current.

	Group	Group	Parent	Parent
	Carrying amount 2008 ($m)	Carrying amount 2007 ($m)	Fair value 2008 ($m)	Fair value 2007 ($m)
Current				
Commercial paper	0	30	0	0
Domestic bonds	0	100	0	0
Euro medium term notes	0	28	0	0
Crown loans - fixed interest rate	50	0	0	0
Crown loans - floating interest rate	121	90	21	40
6(b) Total current	**171**	**248**	**21**	**40**
Non-current				
Crown loans - fixed interest rate	0	50	0	0
Crown loans - floating interest rate	1,624	1,502	282	256
6(c) Total non-current	**1,624**	**1,552**	**282**	**256**
Total current and non-current	**1,795**	**1,800**	**303**	**296**

Domestic Bonds

The Group had $100 million of domestic bonds that matured on 15 November 2007, with a coupon rate of 8% (2007, 8%). Bonds were issued under a Trust Deed dated 4 April 1996 between Housing New Zealand Limited and the New Zealand Guardian Trust Company Limited. Following the repayment of all the remaining domestic bonds in November 2007, a Deed of Release from the Trust Deed was executed with the New Zealand Guardian Trust Company Limited dated 20 March 2008.

Euro medium term notes

The Group previously issued, under the Euro medium term note programme, a series of Euro medium term notes that have now been repaid. The notes were issued under a Trust Deed dated 6 December 2000 between Housing New Zealand Limited and Citicorp. Their face value in 2007 was NZ$31 million, fair value NZ$28 million, and had a weighted average interest rate of 5.93%. Following the repayment of Euro medium term notes on 10 July 2007 and 2 October 2007, a Deed of Release from the Trust Deed was executed with Citicorp dated 12 February 2008.

Interest-bearing borrowings

Commercial paper

The Group has a Note Issuance Facility Agreement dated 23 December 1998. At 30 June 2008 there was no commercial paper outstanding (2007, NZ$30 million). The commercial paper had a weighted average interest rate of 8.13% in 2007. The aggregate principal amount of commercial paper outstanding will not at any time exceed NZ$150 million. The Group has given a negative pledge that, while any commercial paper issued under the Note Issuance Facility remains outstanding, it will not, subject to certain exceptions, create or permit to exist any charge or lien over any of its assets.

Crown funding

The Group has refinanced its private sector term debt with Crown borrowings as the debt matures. As at 30 June 2008 $1,795 million (2007, $1,642 million) for the Group, and $303 million (2007, $296 million) for the Parent, has been borrowed from the Crown, with maturity dates ranging from 2008 to 2018.

The Group has given a negative pledge that, while any Crown borrowing remains outstanding, it will not, subject to certain exceptions, create or permit to exist any charge or lien over any of its respective assets. During the year ended 30 June 2008, $0 million (2007, $0.3 million) was approved by the Crown as a reduction in the debt to offset write-downs of home suspensory loans during the year.

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Committed financing facilities available				
At 30 June, the following committed financing facilities had been negotiated and were available:				
Total facilities				
Bank overdraft	1	1	1	1
Bank standby loan facility	50	50	0	0
	51	51	1	1
Facilities used at 30 June				
Bank overdraft	0	0	0	0
Bank loans	0	0	0	0
	0	0	0	0
Facilities unused at 30 June				
Bank overdraft	1	1	1	1
Bank loans	50	50	0	0
	51	51	1	1

Interest rate derivatives – current and non-current

Set out below are the interest rate derivatives analysed by current and non-current.

	Group	Group	Parent	Parent
	Carrying amount 2008 ($m)	Carrying amount 2007 ($m)	Fair value 2008 ($m)	Fair value 2007 ($m)
Interest rate derivatives – total assets				
6(d) Interest rate derivatives - current assets	1	1	0	0
6(e) Interest rate derivatives - non-current assets	33	63	2	4
Interest rate derivatives – total assets	**34**	**64**	**2**	**4**
Interest rate derivatives – total liabilities				
6(f) Interest rate derivatives - current liabilities	0	0	0	0
6(g) Interest rate derivatives - non-current liabilities	3	4	2	0
Interest rate derivatives – total liabilities	**3**	**4**	**2**	**0**

Financial assets and liabilities

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial assets and liabilities that are exposed to interest rate risk:

Year ended 30 June 2008	Interest rate per annum at 30 June 2008 after hedging	Total ($m)	<1 year ($m)	>1–<2 years ($m)	>2–<3 years ($m)	>3–<4 years ($m)	>4–<5 years ($m)	>5 years ($m)
GROUP								
Financial assets (excluding derivatives) exposed to interest rate risk								
Loans and receivables								
Overnight investments	8.25%	14	14	0	0	0	0	0
Mortgages	8.34%	99	3	2	3	4	9	78
Financial assets available for sale at fair value through equity								
Bank registered certificates of deposit - total	8.70%	93	93	0	0	0	0	0
Total financial assets (excluding derivatives) exposed to interest rate risk		**206**	**110**	**2**	**3**	**4**	**9**	**78**

Interest rate risk table continued:

Year ended 30 June 2008	Interest rate per annum at 30 June 2008 after hedging	Total ($m)	<1 year ($m)	>1–<2 years ($m)	>2–<3 years ($m)	>3–<4 years ($m)	>4–<5 years ($m)	>5 years ($m)
Financial liabilities (excluding derivatives) exposed to interest rate risk								
Financial liabilities at fair value through income statement								
Crown loans - fixed interest rate	7.08%	50	50	0	0	0	0	0
Total financial liabilities at fair value through income statement		50	50	0	0	0	0	0
Financial liabilities measured at amortised cost								
Crown loans - floating interest rate	7.28%	1,745	121	235	161	175	151	902
Total financial liabilities measured at amortised cost		1,745	121	235	161	175	151	902
Total financial liabilities (excluding derivatives) exposed to interest rate risk		**1,795**	**171**	**235**	**161**	**175**	**151**	**902**
Financial derivatives								
Total fair value of derivatives - assets		32	1	1	2	1	8	19
Total fair value of derivatives - liabilities		3	0	0	0	0	0	3
PARENT								
Financial assets (excluding derivatives) exposed to interest rate risk								
Loans and receivables								
Mortgages	8.34%	99	3	2	3	4	9	78
Financial assets available for sale at fair value through equity								
Bank registered certificates of deposit - total	8.70%	93	93	0	0	0	0	0
Total financial assets (excluding derivatives) exposed to interest rate risk		**192**	**96**	**2**	**3**	**4**	**9**	**78**
Financial liabilities (excluding derivatives) exposed to interest rate risk								
Financial liabilities measured at amortised cost								
Crown loans - floating interest rate	8.24%	303	21	39	112	15	64	52
Total financial liabilities (excluding derivatives) exposed to interest rate risk		**303**	**21**	**39**	**112**	**15**	**64**	**52**
Financial derivatives								
Total fair value of derivatives - assets		2	0	0	0	0	0	2
Total fair value of derivatives - liabilities		0	0	0	0	0	0	0

Year ended 30 June 2007	Interest rate per annum at 30 June 2008 after hedging	Total ($m)	<1 year ($m)	>1–<2 years ($m)	>2–<3 years ($m)	>3–<4 years ($m)	>4–<5 years ($m)	>5 years ($m)
GROUP								
Financial assets (excluding derivatives) exposed to interest rate risk								
Loans and receivables								
Overnight investments	8.00%	14	14	0	0	0	0	0
Mortgages	7.62%	78	3	1	2	3	8	61
Financial assets available for sale at fair value through equity								
Bank registered certificates of deposit - total	8.15%	24	24	0	0	0	0	0
Total financial assets (excluding derivatives) exposed to interest rate risk		**116**	**41**	**1**	**2**	**3**	**8**	**61**
Financial liabilities (excluding derivatives) exposed to interest rate risk								
Financial liabilities at fair value through profit and loss								
Crown loans - fixed interest rate	7.02%	50	0	50	0	0	0	0
Domestic bonds	7.02%	100	100	0	0	0	0	0
Euro medium term notes	7.02%	28	28	0	0	0	0	0
Total financial liabilities at fair value through profit and loss		**178**	**128**	**50**	**0**	**0**	**0**	**0**
Financial liabilities measured at amortised cost								
Crown loans - floating interest rate	7.11%	1,592	90	121	234	161	175	811
Commercial paper	7.02%	30	30	0	0	0	0	0
Total financial liabilities measured at amortised cost		1,622	120	121	234	161	175	811
Total financial liabilities (excluding derivatives) exposed to interest rate risk		**1,800**	**248**	**171**	**234**	**161**	**175**	**811**
Financial derivatives								
Total fair value of derivatives - assets		64	1	1	4	4	4	50
Total fair value of derivatives - liabilities		4	0	0	0	0	2	2

Year ended 30 June 2007	Interest rate per annum at 30 June 2008 after hedging	Total ($m)	<1 year ($m)	>1–<2 years ($m)	>2–<3 years ($m)	>3–<4 years ($m)	>4–<5 years ($m)	>5 years ($m)
PARENT								
Financial assets (excluding derivatives) exposed to interest rate risk								
Loans and receivables								
Mortgages	7.62%	78	3	1	2	3	8	61
Financial assets available for sale at fair value through equity								
Bank registered certificates of deposit - total	8.15%	24	24	0	0	0	0	0
Total financial assets (excluding derivatives) exposed to interest rate risk		**102**	**27**	**1**	**2**	**3**	**8**	**61**
Financial liabilities (excluding derivatives) exposed to interest rate risk								
Financial liabilities measured at amortised cost								
Crown loans - floating interest rate	7.56%	296	40	21	39	111	15	70
Total financial liabilities (excluding derivatives) exposed to interest rate risk		**296**	**40**	**21**	**39**	**111**	**15**	**70**
Financial derivatives								
Total fair value of derivatives - assets		4	2	1	1	0	0	0
Total fair value of derivatives - liabilities		0	0	0	0	0	0	0

Hedging activities

At 30 June 2008, the Group had no foreign exchange contracts or foreign currency debt.

Cash flow hedges
At 30 June 2008, the Group had 126 (2007, 116) interest rate swap agreements, with a notional amount of NZ$1,555 million (2007, NZ$1,418 million) and a weighted average fixed rate of interest of 7.06% (2007, 6.99%) and receives a variable rate equal to the 90 Day Bank Bill Rate. These interest rate swaps are being used to hedge the exposure to changes in the floating rate of its Crown borrowings and have been designated as hedging instruments.

7. Receivables and prepayments

	Group	Group	Parent	Parent
	2008 ($m)	**2007 ($m)**	**2008 ($m)**	**2007 ($m)**
Rent and other customer receivables	7	6	0	0
Provision for doubtful debts	(3)	(3)	0	0
	4	3	0	0
Prepayments	2	2	1	0
Receivables from subsidiaries	0	0	37	138
Interest receivable	10	14	0	1
Tax prepaid	3	1	3	1
Other receivables	7	21	4	14
Receivables and prepayments	26	41	45	154

8. Mortgage advances

	Group	Group	Parent	Parent
	2008 ($m)	**2007 ($m)**	**2008 ($m)**	**2007 ($m)**
Mortgage advances	99	78	99	78
Less doubtful debts provision	(3)	(3)	(3)	(3)
Total net mortgage advances	**96**	**75**	**96**	**75**
Non-current mortgage advances	96	75	96	75
Less doubtful debts provision	(3)	(3)	(3)	(3)
Net non-current mortgage advances	**93**	**72**	**93**	**72**
Current mortgage advances	**3**	**3**	**3**	**3**
Total net mortgage advances	**96**	**75**	**96**	**75**

The maturity period of the mortgages ranges from 1 to 25 years.

The borrowers may settle loans at any time. However expected cash flows are as follows:

	Group and Parent		Group and Parent	
	2008 weighted average interest rate	**($m)**	**2007 weighted average interest rate**	**($m)**
Up to 1 year	8.82%	3	8.50%	3
1 to 5 years	9.30%	18	9.20%	14
Over 5 years	8.09%	78	7.18%	61
Total	**8.34%**	**99**	**7.62%**	**78**

Interest rates on mortgages range from 0% to 10.45%, with an average rate of 7.1%.

The mortgages on land and improvement assets and deeds are held as security against these loans.

For the purposes of allocating the net mortgage balance between current and non-current, all of the doubtful debts provision is assumed to relate to the non-current mortgages.

9. Investments

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Current investments				
Bank registered certificates of deposit - provisions	23	24	23	24

Current investments are bank registered certificates of deposit which have been set aside to support the provisons under the Mortgage Insurance Scheme and sold mortgage loans.

Non-current investments				
Investment in subsidiaries	0	0	3,447	3,342

A total of $105 million (2007, $119 million) of Housing New Zealand Limited shares were issued to the Corporation, increasing the investment in subsidiaries.

Subsidiary companies

As at 30 June 2008, the subsidiary companies of the Corporation were:

Company	Principal activity	Balance date	Ownership interest
Housing New Zealand Limited	Provision of rental housing	30 June	100%
Community Housing Limited	Provision of management assets	30 June	100%
Property Lease (No. 1) Limited	Provision of rental housing	30 June	100%
Hobsonville Land Company Limited	Management company	30 June	100%
HNZC Property Developments Limited	Property development	30 June	100%

Property Lease (No.13) Limited was liquidated in May 2008. Property Lease (No.13) had negative equity of $1.176 million and a corresponding inter-company balance to Housing New Zealand Corporation's subsidiary Housing New Zealand Limited of $1.176 million. The liquidation resulted in one-off loss to Housing New Zealand Limited as Parent of $1.176 million. There was no impact on Housing New Zealand's balance sheet at Group level since both the equity and intercompany were eliminated on consolidation.

10. Properties intended for sale

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Properties intended for sale	20	16	1	7

At balance date, properties have been reclassified as intended for sale where the property is vacant and intended to be sold, or commitments for property sales have been made. The carrying value of these properties for the Group is $20 million (2007, $16 million), and for the Parent is $1 million (2007, $7 million). The total gross amount of the valuation of properties intended for sale, excluding selling and other costs, was $22 million for the Group and $1 million for the Parent (2007, $18 million for the Group and $8 million for the Parent).

11. Property, plant and equipment

Group

	Freehold land ($m)	Rental properties ($m)	Capital work in progress ($m)	Leasehold improvements ($m)	Furniture and fittings ($m)	Office equipment ($m)	Computer equipment ($m)	Motor vehicles ($m)	Projects work in progress ($m)	Total property plant and equipment ($m)
Year ended 30 June 2008										
At 1 July 2007, net of accumulated depreciation	8,089	6,649	83	6	2	1	3	5	9	**14,847**
Additions	57	196	0	1	0	0	1	5	0	**260**
Disposals	(7)	(6)	0	(1)	0	0	0	(1)	0	**(15)**
Revaluations	392	(99)	0	0	0	0	0	0	0	**293**
Classified as held for sale	(10)	(10)	0	0	0	0	0	0	0	**(20)**
Demolished/derecognised	0	(11)	0	0	0	0	0	0	0	**(11)**
Transfers	5	41	(46)	0	0	0	0	0	(2)	**(2)**
Impairment	0	0	0	0	0	0	0	0	0	**0**
Depreciation charge for the year	0	(170)	0	(2)	0	0	(2)	(2)	0	**(176)**
At 30 June 2008, net of accumulated depreciation	8,526	6,590	37	4	2	1	2	7	7	**15,176**
Year ended 30 June 2007										
At 1 July 2006, net of accumulated depreciation	6,865	6,217	115	5	3	0	5	5	1	**13,216**
Additions	55	237	0	2	0	1	2	0	8	**305**
Disposals	(6)	(5)	0	0	0	0	0	0	0	**(11)**
Revaluations	1,185	342	0	0	0	0	0	0	0	**1,527**
Classified as held for sale	(10)	(6)	0	0	0	0	0	0	0	**(16)**
Demolished/derecognised	0	(9)	0	0	0	0	0	0	0	**(9)**
Transfers	0	32	(32)	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	0	0	0	**0**
Depreciation charge for the year	0	(159)	0	(1)	(1)	0	(4)	0	0	**(165)**
At 30 June 2007, net of accumulated depreciation	8,089	6,649	83	6	2	1	3	5	9	**14,847**

Parent

	Freehold land ($m)	Rental properties ($m)	Capital work in progress ($m)	Leasehold improvements ($m)	Furniture and fittings ($m)	Office equipment ($m)	Computer equipment ($m)	Motor vehicles ($m)	Projects work in progress ($m)	Total property plant and equipment ($m)
Year ended 30 June 2008										
At 1 July 2007, net of accumulated depreciation	220	241	3	0	0	0	0	0	9	**473**
Additions	5	17	0	0	0	0	0	0	0	**22**
Disposals	(6)	(2)	0	0	0	0	0	0	0	**(8)**
Revaluations	8	(4)	0	0	0	0	0	0	0	**4**
Classified as held for sale	0	(1)	0	0	0	0	0	0	0	**(1)**
Demolished/derecognised	0	(1)	0	0	0	0	0	0	0	**(1)**
Transfers	0	0	0	0	0	0	0	0	(2)	**(2)**
Impairment	0	0	0	0	0	0	0	0	0	**0**
Depreciation charge for the year	0	(6)	0	0	0	0	0	0	0	**(6)**
At 30 June 2008, net of accumulated depreciation	227	244	3	0	0	0	0	0	7	**481**
Year ended 30 June 2007										
At 1 July 2006, net of accumulated depreciation	192	245	8	0	0	0	0	0	1	**446**
Additions	6	11	0	0	0	0	0	0	8	**25**
Disposals	(2)	(2)	0	0	0	0	0	0	0	**(4)**
Revaluations	29	(8)	0	0	0	0	0	0	0	**21**
Classified as held for sale	(5)	(4)	0	0	0	0	0	0	0	**(9)**
Demolished/derecognised	0	0	0	0	0	0	0	0	0	**0**
Transfers	0	5	(5)	0	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	0	0	0	0	**0**
Depreciation charge for the year	0	(6)	0	0	0	0	0	0	0	**(6)**
At 30 June 2007, net of accumulated depreciation	220	241	3	0	0	0	0	0	9	**473**

Valuation

Freehold land and rental properties were revalued as at 30 June 2008 at fair value in accordance with *IAS 16 Property, Plant and Equipment.* Land held for sale was valued under *NZ IFRS 5 Assets Held for Sale and Discontinued Operations*. The valuation was performed by Quotable Value New Zealand, a company employing Registered and Qualified Valuers, with the Principal Registered Valuer for the valuation being Kerry Stewart (PG Dip Env Audit, MBA, ANZIV, SNZPI).

The total gross amount of the valuation, excluding properties intended for sale, and excluding selling and other costs, was $15,080 million for the Group and $470 million for the Parent (2007, $14,724 million for the Group and $466 million for the Parent).

The revaluation effect relating to freehold land was an increment of $392 million for the Group and $8 million for the Parent (2007, increment of $1,185 million for the Group and $29 million for the Parent). The revaluation effect relating to rental properties was a decrease of $99 million for the Group and $4 million for the Parent (2007, increment of $342 million for the Group and decrease of $8 million for the Parent).

Rights of first refusal for sale of land

The Waikato Raupatu Claims Settlement Act 1995 creates a right of first refusal whereby land held by, or on behalf of, the Crown or Crown agencies must be offered to the landholding trustees (as defined in the Act) before it is disposed of to any other person. The Waikato-Tainui right of first refusal applies to land held by both Housing New Zealand Limited and the Corporation. The right of first refusal does not apply in certain circumstances, including where land is being transferred to another Crown agency or returned to a former owner under the Public Works Act 1981. The Waikato-Tainui claim area encompasses a large part of the Waikato, and would affect approximately 4,705 properties for the Group and 243 for the Parent.

In 1999, the Crown and Ngati Turangitukua entered into a Deed of Settlement. As part of that Deed, Housing New Zealand Limited agreed to enter into a deed of grant of right of first refusal with Ngati Turangitukua, whereby specified Housing New Zealand Limited properties must be offered to Turangitukua Nominees Limited before they are disposed of to any other person. The right of first refusal does not apply in certain circumstances, including where the property is subject to a legal, equitable, or statutory obligation to dispose of the property to another person. The 15 specified Housing New Zealand Limited rental properties are all in and around Turangi.

The Crown has also entered into Deeds of Settlement that contain rights of first refusal with various other parties. The rights of first refusal in these Deeds only apply to land held by or on behalf of the Crown, for example, land held for state housing purposes under the Housing Act 1955, and would not apply to land held by Housing New Zealand Limited or the Corporation in their own names. These rights of first refusal do not apply in certain circumstances, including where the land is being transferred to another Crown agency, or returned to a former owner under the Public Works Act 1981.

Warranty

The Crown has provided a warranty in respect of title to the assets transferred to Housing New Zealand Limited, and has indemnified the company against any breach of this warranty. The Crown has also indemnified the company against third party claims that are the result of acts or omissions prior to 1 November 1992 and has indemnified the directors and officers of the company against any liability consequent on the assets not complying with statutory requirements, provided they are taking steps to rectify any non-compliance.

12. Intangible assets

	Group	Group	Group	Parent
	Software external ($m)	Software internal ($m)	Total ($m)	Total ($m)
Year ended 30 June 2008				
At 1 July 2007, net of accumulated amortisation	1	3	4	0
Additions	1	10	11	0
Disposals	0	0	0	0
Impairment	0	0	0	0
Amortisation	0	(3)	(3)	0
At 30 June 2008, net of accumulated amortisation	2	10	12	0
Year ended 30 June 2007				
At 1 July 2006, net of accumulated amortisation	1	5	6	0
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment	0	0	0	0
Amortisation	0	(2)	(2)	0
At 30 June 2007, net of accumulated amortisation	1	3	4	0

These assets are tested for impairment where an indicator of impairment arises. No impairment loss was charged for continuing operations in the 2008 financial year.

13. Properties under development

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Properties under development	24	21	0	0
Total properties under development	**24**	**21**	**0**	**0**

Properties under development held by HNZC Property Development Limited are recognised as inventory until available for sale. The fair value of the land component is $27 million (2007, $26 million) compared with the carrying cost of $24 million (2007, $21 million).

Inventory was valued under *NZ IAS 2 Inventories*. The valuation was performed by Quotable Value New Zealand, a company employing Registered and Qualified Valuers, with the Principal Registered Valuer for the valuation being Kerry Stewart (PG Dip Env Audit, MBA, ANZIV, SNZPI).

14. Accounts payable and other liabilities

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Maintenance accrual	15	10	1	1
Interest payable	37	40	5	4
Due to the Crown	5	5	5	5
Other accounts payable and accruals	72	84	13	12
Total accounts payable	**129**	**139**	**24**	**22**

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

15. Provisions

Group and Parent			
	Sold mortgage provisions ($m)	Lease commitments provisions ($m)	Total ($m)
At 1 July 2007	12	1	12
Release of unused amounts	(2)	0	(2)
Utilised	(1)	0	(1)
Discount rate adjustment	1	1	1
At 30 June 2008	10	2	10
Current 2008	2	2	4
Non-current 2008	8	0	8
	10	2	12
Current 2007	3	1	4
Non-current 2007	9	0	9
	12	1	13

Mortgage sale provision

As part of the agreements to sell mortgages to Westpac Banking Corporation in 1996, 1998 and 1999, the Corporation guaranteed a certain number of those mortgages. The mortgage sale provision is an amount, actuarially assessed, likely to be payable under that insurance. The actuarial assessment was made, as at 30 June 2008, by John Errington and Andrea Gluyas, of PricewaterhouseCoopers, who are both Fellows of the New Zealand Society of Actuaries and of the Institute of Actuaries of Australia. The value of the provision depends on various factors, some of which are the value of loans expected to default, the number of active mortgages, and the average loan balance. The Corporation's liability under this guarantee is currently estimated to continue until 2022 (being the latest repayment date of the guaranteed mortgages). The maximum combined liability for the Corporation under the guarantee is $109 million (2007, $112 million), being the outstanding amount owed under the guaranteed mortgages.

As part of the agreement to sell a further group of mortgages to Westpac Banking Corporation in 1998, the Corporation guaranteed all of these mortgages. However, to minimise its guarantee obligations under the sale, the Corporation obtained an indemnity on losses of more than $23.3 million from Raukura Whare Limited (a wholly owned subsidiary of Waikato Raupatu Lands Trust). The Raukura Whare Limited indemnity does not, however, relieve the Corporation from its primary liability to Westpac Banking Corporation under the guarantee. The Trustee of the Waikato Raupatu Lands Trust has guaranteed (capped at $20 million) Raukura Whare Limited's liability to the Corporation. The maximum liability for the Corporation under the above guarantee is $38 million (2007, $41 million), being the outstanding amount owed under the guaranteed mortgages.

a) Westpac Banking Corporation was sold approximately $196 million of mortgages in September 1998. The Crown has indemnified HNZC for its payment obligations in respect of this sale. In particular, HNZC has insured the purchaser against credit losses under insurance agreements and for interest rate movements under an interest rate adjustment agreement. These indemnities last for as long as the underlying loan remains outstanding. The Crown's exposure under this transaction is approximately $20 million and the Crown's current risk for the same loan sales is $15 million. A provision of $0.35 million has been made.

b) Westpac Banking Corporation was sold approximately $98 million of mortgages in December 1998. HNZC has fully insured the purchaser for any credit losses on the portfolio, with the Crown guaranteeing this obligation. These indemnities last for as long as the underlying loan remains outstanding. The Crown's exposure under this transaction is approximately $38 million and the Crown's current risk for the same loan sales is $38 million. A provision of $7.7 million has been made.

c) Westpac Banking Corporation was sold approximately $34.5 million of mortgages in November 1999. HNZC has fully insured the purchaser for any credit losses on the portfolio, with the Crown guaranteeing this obligation. These indemnities last for as long as the underlying loan remains outstanding. The Crown's exposure under this transaction is approximately $8.8 million and the Crown's current risk for the same loan sales is $5.8 million. A provison of $0.9 million has been made.

d) Westpac Banking Corporation was sold approximately $250 million of mortgages in 1996. HNZC has fully insured the purchaser for any credit losses on the portfolio, with the Crown guaranteeing this obligation. These indemnities last for as long as the underlying loan remains outstanding. The Crown's exposure under this transaction is approximately $80 million and the Crown's current risk for the same loan sales is $21 million. A provision of $0.76 million has been made.

As part of the Homebuy Programme, the Corporation agreed with PMI Mortgage Insurance Limited (PMI) to indemnify PMI for any claims made with respect to lenders mortgage insurance provided by PMI at the Corporation's request. At 30 June 2008, the Corporation had a maximum exposure under this indemnity of $10 million (2007, $10 million).

Lease commitment provision
In the past the Corporation held a number of accommodation leases which had become surplus to requirements.

There is only one lease remaining in this category, at 61–63 Taranaki Street, Wellington, which expires in December 2008. The cost of terminating this lease commitment has been estimated at 30 June 2008. The property is currently subleased and will be until termination. The value of each payment is dependent on the net amount of rent. The last lease payment will be made on 31 December 2008. A make good provision of $685,000 has been made along with provision for lease commitments of $574,000.

Housing New Zealand has 44 office leases to meet current office accommodation requirements of its neighbourhood units and service centres. Over the past nine years the Corporation has exited 24 leased neighbourhood unit offices and a sum of $86,000 has been paid in make good contributions, surrender fees and actual reinstatement costs. A make good provision of $550,000 has therefore been included, for the first time this year, to meet any liability in respect of these 44 head leases for neighbourhood unit offices.

16. Financial risk management objectives and policies

The Group's mortgage portfolio is managed by Westpac Banking Corporation in terms of the management agreement. Their processes of mitigating losses to the portfolio are monitored on a monthly basis via monthly reports.

The Group's principal financial instruments other than derivatives, comprise Crown loans, bonds, Euro medium term notes, commercial paper, cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments, such as trade debtors and trade creditors, which arise directly from its operations.

The Group also enters into derivative transactions consisting principally of NZ dollar interest rate swaps and cross-currency interest rate swaps. The purpose is to manage the interest rate and currency risks arising from the Group's sources of finance.

The Group's policy is not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group's accounting policies in relation to derivatives are set out in note 2.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

The Group has long-term fixed and floating rate borrowings to fund ongoing activities. Group policy is to limit the portion of floating rate debt. Within this constraint, the Group has entered into interest rate swaps to convert floating rate to fixed rate borrowings.

Management monitors interest rate levels on an ongoing basis and, from time to time, will lock in fixed rates when appropriate. Forward rate agreements, interest rate swaps and interest rate options are instruments available for use. Interest rate swaps were the primary instruments used in 2008. These interest rate swaps are designated to hedge underlying debt obligations.

At 30 June 2008, after taking into account the effect of interest rate swaps, approximately 87% of the Group's borrowings are at a fixed rate of interest.

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance sheet date.

If interest rates had been 1% higher or lower than the year end market rate, the following table sets out movements in net surplus after tax for the year, and equity balance (after tax adjustments) at year end:

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Net surplus higher/(lower)				
Interest rates +1%	(2)	(2)	(1)	(1)
Interest rates -1%	2	2	1	1
Equity higher/(lower)				
Interest rates +1%	35	34	1	2
Interest rates -1%	(37)	(36)	(2)	(2)

The movements in net surplus are due to changes in interest costs on variable rate debt. The movement in equity is mainly due to changes in the fair value of derivative instruments designated as cash flow hedges.

Foreign currency risk

The Group was exposed to foreign exchange risk as a result of transactions in foreign currencies arising from borrowing during the period. All outstanding foreign exchange borrowings were repaid in October 2007. Where exposure is certain, it is the Group's policy to hedge these risks as they arise.

The Group used currency swaps to manage this. There are no unhedged currency risks. The Group does not have any other foreign currency monetary assets or liabilities that are not hedged.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Credit risk

Credit risk is the risk that a third party will default on its obligations to HNZC, causing HNZC to incur a loss. Due to the timing of its cash inflows and outflows, HNZC invests surplus cash with Board-approved counterparties with a specified Standard and Poor's credit rating. HNZC treasury policy limits the amount of credit exposure to any one institution. HNZC's maximum credit exposure for each class of financial instrument is represented by the carrying amount of cash, deposits and derivative financial assets. There is no collateral held as security against these financial instruments.

The Group is not exposed to any material concentration of credit risk as it has a small number of credit customers and only has treasury exposure with Board-approved counterparties with specified Standard and Poor's credit ratings and the Crown (New Zealand Debt Management Office).

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk is the risk the Group will encounter difficulty in raising funds at short notice to meet its financial commitments when they are due. The borrowing protocol with the Crown allows HNZC to borrow a principal amount up to NZ$150 million for working capital purposes from sources other than the Crown (New Zealand Debt Management Office) at the discretion of HNZC. All HNZC term debt is obtained from the Crown (New Zealand Debt Management Office).

The Group has a $50 million 364-day committed standby facility with two banks, which matures in December 2008. Subject to agreement with the banks, the facility can be extended for an additional 364 days (not earlier than 120 days and not later than 30 days before the facility maturity date). The Group also has a $150 million uncommitted note issuance facility with a group of banks. These facilities are used to meet short-term liquidity requirements.

The Group has an unsecured bank overdraft facility of $1 million (2007, $1 million) with an interest rate of 10% (2007, 9.5%).

The Group's policy is that not more than 25% of borrowings should mature in any 12-month period. Ten percent of the Group's debt will mature in less than one year at 30 June 2008 (2007, 14%).

Credit quality

	Past due but not impaired		Impaired	
	7–14 days ($m)	8–42 days ($m)	43 days plus ($m)	Total ($m)
Ageing analysis of rental debtors				
Non-established damages	0.06	0.23	1.15	**1.44**
Rent	1.90	0.86	0.40	**3.16**
Damages	0.19	0.36	1.91	**2.46**
Bond	0.03	0.01	0.00	**0.04**
Total rent and other customer receivables	2.18	1.46	3.46	**7.10**

	60 days ($m)	60–90 days ($m)	90 days plus* ($m)	Total ($m)
Ageing analysis of loan arrears	0.03	0.01	0.07	**0.11**

* Loan arrears that are over 90 days in arrears are reviewed for impairment but are not automatically treated as impaired or provided for.

17. Reconciliation of net profit after tax with cash flows from operating activities

Reconciliation from the net profit after tax to the net cash flows from operations.

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Net surplus after tax	**46**	**42**	**12**	**2**
Adjustments for:				
Depreciation	176	167	6	6
Intangibles amortisation	3	2	0	0
Permanent diminution of asset values	10	10	1	0
(Gain)/loss on asset sales	(1)	(1)	0	0
Movement in provision for doubtful debts	3	3	0	0
Movement in provision for deferred tax	(29)	(23)	(2)	1
Movement in provision for lease and mortgage sales for doubtful debts	0	0	0	0
Mortgage Insurance Scheme premium released	0	0	0	0
Movement in other provisions	(1)	(3)	(1)	(3)
Increase/(decrease) in rent in advance	(2)	(2)	0	0
Increase/(decrease) in accounts payable	3	10	5	8
(Increase)/decrease in accounts receivable	14	(16)	11	(1)
Net cash from operating activities	**222**	**189**	**32**	**13**

18. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on 30 June 2008 where it is not in the best interest of the Group to purchase these assets.

These leases have an average life of 3 to 6 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2008 are as follows:

	Group	Group	Parent	Parent
	2008 ($m)	2007 ($m)	2008 ($m)	2007 ($m)
Within 1 year	52	46	4	3
After 1 year but not more than 5 years	152	135	7	5
More than 5 years	52	56	1	1
	256	237	12	9

Sublease receivables

The Corporation has future minimum payments receivable under non-cancellable subleases at 30 June 2008 of $190,000 (2007, $670,000).

Operating lease commitments – Group as lessor

The Group has entered into property leases for its property portfolio. These properties are held under operating leases and are measured under the fair value model in accordance with NZ IAS 16 as they are considered to provide a social benefit and are not maintained solely to provide rental income.

There are no non-cancellable leases executed by the Group.

Capital commitments

At 30 June 2008 the Group has capital commitments amounting to $76 million (2007, $104 million).

Lending commitments

At 30 June 2008 the Group has lending commitments approved but not yet drawn amounting to $18 million (2007, $18 million).

Contingencies

The Corporation is liable to the owners (ANZ National Bank Limited, Ichthus Limited and Westpac Banking Corporation) of mortgages sold by the Corporation during 1992 to 1999 for certain losses they may incur from specified limited aspects of their ownerships of those mortgages. The amount of the liability cannot be estimated.

The Corporation has a contingent liability to properties underwritten for the Home Equity Scheme, a community-based home ownership programme. The value of the liability at 30 June 2008 is $0.9 million (2007, $0.9 million). In the event of an actual liability, the Corporation will take the opportunity to use its acqusition budget to discharge the responsibility which is expected to have no material effect on the Corporation's financial position.

19. Related party disclosure

The Group financial statements include the financial statements of Housing New Zealand Corporation and the subsidiaries listed in the following table.

19(a) Subsidiaries

Name	Country of incorporation	% Equity interest	% Equity interest	Investment ($m)	Investment ($m)
		2008	**2007**	**2008**	**2007**
Housing New Zealand Limited	New Zealand	100%	100%	3,447	3,342
Community Housing Limited	New Zealand	100%	100%	0	0
Property Lease (No. 1) Limited	New Zealand	100%	100%	0	0
HNZC Property Developments Limited	New Zealand	100%	100%	0	0
Hobsonville Land Company Limited	New Zealand	100%	100%	0	0
				3,447	3,342

The New Zealand Government wholly owns the Corporation. The Corporation undertakes many transactions with statutory corporations, state-owned enterprises and government departments on an arm's length basis. These transactions are not considered related party transactions as defined in *NZ IAS 24 Related Party Disclosures* due to the adoption of public benefit entity exemptions.

19(b) Key management personnel

Key management personnel are defined as senior management of the Corporation and all Directors. In 2008, 7 employees were key management personnel (2007, 7 employees).

Key management personnel compensation

	Group	Group	Parent	Parent
	2008 ($000)	**2007 ($000)**	**2008 ($000)**	**2007 ($000)**
Salaries and other short-term employee benefits	1,959	1,914	1,959	1,914
Termination	193	102	193	102
	2,152	2,016	2,152	2,016

Termination of $193,000 relates to 3 personnel in 2008 (2007, $102,000, 2 personnel).

19(c) Remuneration details of members of Housing New Zealand Corporation and directors of subsidiaries

	Group	Group	Parent	Parent
	2008 ($)	2007 ($)	2008 ($)	2007 ($)
Patrick Snedden (Chairman)	79,900	79,900	49,000	49,000
Lope Ginnen	46,025	44,125	30,625	30,625
Colin Dale**	30,788	19,128	30,788	19,128
Sandra Lee	24,500	19,128	24,500	19,128
Garry Wilson	24,500	19,128	24,500	19,128
Tony Paine	24,500	24,500	24,500	24,500
Greg Hinton	39,900	39,900	24,500	24,500
Jo Brosnahan***	39,900	14,290	24,500	14,290
Paul White (resigned 6 December 2006)	0	10,208	0	10,208
Susan Huria (resigned 13 October 2006)	0	6,125	0	6,125
Roger Bonifant* (resigned 31 March 2008)	11,500	15,400	0	0
Gary Taylor*	15,400	15,400	0	0
Richard Didsbury* (appointed 30 August 2007)	12,149	0	0	0
Total	349,062	307,232	232,913	216,632

* Directors of Hobsonville Land Company Limited and not a member of the Corporation during the year.
** Colin Dale's renumeration includes services as a member of the Tamaki Board.
*** Jo Brosnahan, a current member of the Corporation, was appointed to the Board of Hobsonville Land Company in June 2007.

Jo Brosnahan, Roger Bonifant, Richard Didsbury, Greg Hinton, Lope Ginnen, Patrick Snedden and Gary Taylor were directors of Hobsonville Land Company.

The above table includes all remuneration paid or payable to each member or director during the year.

There have been no payments made to committee members appointed by the Board who were not Board members during the financial year.

Insurance

The total annual premium for the directors and officers liability insurance is $58,000 (2007, $61,875).

19(d) Transactions with related parties

Directors and members

There were no significant transactions with directors or organisations where members have significant influence.

Subsidiaries

There were no transactions between the parent and its subsidiaries or between subsidiaries during the financial year (2007, nil) that have not been eliminated on consolidation.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions at both normal market prices and normal commercial terms.

Outstanding balances at 30 June 2008 and 2007 are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the year ended 30 June 2008, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2007, nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. When assessed as required the Group raises such a provision.

20. Mortgage Insurance Scheme claim liability

	Group	Parent	Group	Parent
	2008 ($)	2008 ($)	2007 ($)	2007 ($)
Mortgage Insurance Scheme claim liability	11	9	11	9

HNZC provides mortgage insurance to 11 commercial lenders. The insurance premium is currently set at 3% of the loan value, of which 1% is paid by the borrower and 2% by the Government.

The Mortgage Insurance Scheme is assessed six-monthly by an independent actuary to ensure the provision for claims is based on the best estimate of the present value of future claims. The present value of the estimated future claims is invested in short-term bank securities in accordance with approved HNZC treasury policies.

Cases that are under management are reviewed closely and regularly by both the lender and by the HNZC credit team. There is no reinsurance for the Mortgage Insurance Scheme.

The actuarial assessment of provision for Mortgage Insurance Scheme claims was made on 30 June 2008 by John Melville and Janet Lockett, both Fellows of the New Zealand Society of Actuaries. The assessment reports comply with professional standards applicable to actuarial reports on technical liabilities for general insurance operation and requirements of *NZ IFRS 4 Insurance Contract*s. The actuaries have expressed their satisfaction as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims provisions.

Key assumptions made as part of this review related to the nature of the borrowers and the future patterns of loan repayments and defaults under the Mortgage Insurance Scheme. The discount rate used in the calculation of the provision for Mortgage Insurance Scheme claims was 4.5% (2007, 4.5%). The equity of the Parent $3,835 million (2007, $3,767 million) is considered sufficient to meet the future claim liabilities of the scheme.

The probability of sufficiency and risk margin used is 75%.

The Corporation works closely with the lending organisations to proactively manage mortgage holders with the intention to minimise mortgage failure and subsequent insurance claims by the lending institutions.

The insured underlying loans have a maturity period of 0 to 30 years. Cash flows maturing are expected to fall mainly in the first six years of the insured loans, however there is a degree of uncertainty as to the exact timing.

At the present time there is relatively little sensitivity of profit or loss and equity to changes in the variables associated with the actuarial assessment of the mortgage insurance provision due to the low value of the insured mortgages.

The Parent, which manages the Mortgage Insurance Scheme, has a long-term credit rating of AAA from credit rating agency Standard & Poor's.

21. Events subsequent to balance date

A conditional agreement was signed on 30 June 2008 between Housing New Zealand Corporation, acting as agent for the Housing Agency Account, and the Ministry of Education for the transfer of 3.6 hectares to the Ministry of Education for a primary school site for an agreed transfer value of $9.36 million (excluding GST). The agreement is conditional on the appropriate development consents being obtained and site development being completed.

During July a refundable deposit of $936,000 (10% of the agreed transfer value) was paid by the Ministry of Education. This deposit will be refundable should development consents not be obtained.

22. Budgeted figures

22(a) 2008 significant variations from budget and impact of the introduction of NZ IFRS

The unaudited budget figures reported in these financial statements are the financial performance targets included in the Corporation's 2007/08 Statement of Intent.

22(b) Changes to comparative figures

The Corporation is complying with the New Zealand equivalents to NZ IFRS for the first time at 30 June 2008 and is required to restate its comparative financial statements to reflect the application of NZ IFRS for the comparative period ended 30 June 2007. As reported in note 24, most adjustments required on transition to NZ IFRS have been made against opening retained earnings for the year under review. The Corporation finalised the budgeted figures for 2007/08 included in the 2007/08 Statement of Intent prior to the completion of the restatement of the comparatives to comply with NZ IFRS.

Where necessary, comparative figures have been adjusted to conform with changes in presentation and classification adopted in the current period. However, budgets have not been restated, therefore the NZ IFRS adjustments significantly impact the variance from budget as explained below.

22(c) Income statement

The Corporation's overall financial performance (operating surplus after tax) for the year ended 30 June 2008 shows a $2 million favourable operating variance against budget. The favourable variance is primarily due to a combination of additional operating revenue ($36 million) partially offset by a $34 million higher spend in operating expenses.

22(d) Operating income

The additional revenue primarily relates to the reclassification of net interest on interest rate swaps, due to the adoption of NZ IFRS, between operating income and operating expense. More interest has been earned due to higher market interest rates and higher investment balances than forecast, as well as $4 million in interest received from the Crown repayment of the loan to the Housing Agency Account. The variance for net interest income is $9 million.

No budget was included for the fair value adjustment of interest rate derivatives due to the assumption that those movements would net off. The net actual cost is $2 million in 2008.

Annual appropriation income from the Crown was lower than budget by $6 million, due to lower suspensory loans and Mortgage Insurance Scheme expenses and lower grants being paid out during the course of the year.

22(e) Operating expenditure

The key contributors to the variance in operating expenses are:

- Interest expense - $26 million.
- Fair value adjustment - $10 million.

Repairs and maintenance
During the year the Board approved additional funding of $9.5 million over the original budget to be applied to planned and responsive maintenance in accordance with the Corporation's long-term property strategy.

Third party rental leases
Market rent increases were understated in the budget by $2 million and a further $6.5 million variance to budget is due to reclassification of office accommodation third party rental leases in compliance with NZ IFRS, while the budget which is in other expenses has not been restated.

Other expenses
Demolitions were lower than budget due to a lower number of units being demolished and at a lower value per unit. Direct mortgage expenses were down due to less loans drawn down and lower-than-anticipated claims. The balance of the variance to budget was due to lower overhead costs in the national office in discretionary expenditure areas, particularly in consultants and general expenditure.

22(f) Balance sheet

While current assets were in line with budget, cash and cash equivalents were significantly higher than budget primarily due to the additional $50 million cash received from the Crown in repayment of the advances to the Housing Agency Account and a reduction in the forecast short-term investment balance.

Other variances to budget in net working capital including receivables and payables are timing related.

The carrying value of derivatives in total is $30 million over budget due to the implementation of NZ IFRS.

Property, plant and equipment variance to budget is $1.7 billion and is primarily due to the recognition of $1.2 billion property revaluations in 2007 (established after budgets were finalised for the 2007/08 Statement of Intent) and $290 million in asset revaluations for the period ended 30 June 2008. The budget may not include an estimate of property valuation changes. The deferred tax liability is higher than budget due to the tax effect of the asset revaluations.

Loans are in total $63 million below budget with more loans with terms of less than 12 months than anticipated in the budget.

22(g) Statement of changes in equity

The $1.9 million variance in the closing balance of equity is due to the property revaluations in 2007 and 2008 not being included in the Statement of Intent budgets. Note that the Statement of Intent budget includes $1,346 million for the full impact of the restatement of deferred taxation on the revaluation of buildings as a result of the implementation of NZ IFRS. The budget should have included only the movement during the period, with the comparative figures being restated in 2007. The actual figures reflect the restatement of deferred tax in the prior periods.

22(h) Cash flow statement

The variance of $132 million in cash inflows from Crown borrowings is largely offset by the cash outflows in the repayment of other debt. The other variances in the cash flow statement are principally a result of the variances in the income statement and balance sheet detailed above.

23. Remuneration of employees – $100,000 and over

	Group	Group	Parent	Parent	Employees receiving cessation payments	
	2008	2007	2008	2007	2008	2007
$100,001–110,000	28	24	28	24	0	0
$110,001–120,000	24	12	23	12	1	0
$120,001–130,000	8	8	8	8	1	0
$130,001–140,000	14	11	14	10	0	0
$140,001–150,000	7	9	6	9	1	0
$150,001–160,000	5	10	5	9	0	0
$160,001 –170,000	5	2	5	2	0	0
$170,001–180,000	7	5	6	5	0	0
$180,001–190,000	0	2	0	2	0	0
$190,001–200,000	1	1	1	1	0	0
$200,001–210,000	0	1	0	1	0	0
$210,001–220,000	1	0	1	0	1	0
$220,001–230,000	3	0	3	0	2	0
$240,001–250,000	0	1	0	1	0	0
$260,001–270,000	0	1	0	1	0	0
$270,001–280,000	0	2	0	1	0	0
$290,001–300,000	1	0	0	0	0	0
$310,001–320,000	0	1	0	1	0	1
$320,001–330,000	0	1	0	1	0	1
$400,001–410,000	1	0	1	0	0	0
Total	**105**	**91**	**101**	**88**	**6**	**2**

During the year ended 30 June 2008, 12 (2007, 7) employees received compensation and other benefits in relation to cessation totalling $361,764 (2007, $191,274).

24. Impacts of adoption of NZ IFRS

The impacts of adopting NZ IFRS on the total equity and net surplus after tax as reported under previous New Zealand Generally Accepted Accounting Practice (NZ GAAP) are illustrated below.

(i) Reconciliation of total equity as presented under previous NZ GAAP to that under NZ IFRS at 30 June 2006.

		Group	Parent
		30 June 2006 ($m)	30 June 2006 ($m)
Total equity under previous NZ GAAP		11,429.7	3,616.2
Adjustments to retained earnings (net of tax):			
Changes in the valuation of debt	(a)	(30.2)	0.0
Recognition of sick leave liability	(b)	(0.2)	(0.2)
Recognition of deferred tax liability	(c)	(1,354.5)	(20.0)
Change in provisioning of mortgages	(d)	1.5	1.5
Fair value of cross-currency interest rate swaps	(e)	27.8	0.0
Recognition of interest rate swaps	(f)	0.4	1.0
Total equity under NZ IFRS		**10,074.5**	**3,598.5**

(a) This results from the fair value calculation on fixed interest Crown loans and domestic bonds.

(b) This represents the liability for sick leave that has accrued at transition.

(c) The deferred tax liability on rental property for tax purposes, due to revaluation.

(d) Arises from the change in the method of provisioning for bad debts from NZ GAAP to NZ IFRS.

(e) Arises from the recognition of cross-currency interest rate swaps used to hedge interest rate risk in line with HNZC/Treasury policy.

(f) This represents the measured ineffectiveness in interest rate swap hedges.

(ii) Reconciliation of total equity as presented under previous NZ GAAP to that under NZ IFRS at 30 June 2007

		Group	Parent
		30 June 2007 ($m)	30 June 2007 ($m)
Total equity under previous NZ GAAP		13,098.3	3,767.7
Adjustments to retained earnings (net of tax):			
Changes in the valuation of debt	(a)	4.0	0.0
Recognition of sick leave liability	(b)	(0.2)	(0.2)
Recognition of deferred tax liability	(c)	(1,299.4)	(13.6)
Change in provisioning of mortgages	(d)	1.8	1.8
Fair value of cross-currency interest rate swaps	(e)	(3.3)	0.0
Recognition of interest rate swaps	(f)	62.6	4.2
Total equity under NZ IFRS		**11,863.8**	**3,759.9**

(a) This results from the fair value calculation on fixed interest Crown loans and domestic bonds.

(b) This represents the liability for sick leave that has accrued at transition.

(c) The deferred tax liability on rental property for tax purposes, due to revaluation.

(d) Arises from the change in the method of provisioning for bad debts from NZ GAAP to NZ IFRS.

(e) Arises from the recognition of NZ dollar interest rate swaps used to hedge interest rate risk in line with HNZC/Treasury policy.

(f) This represents the measured ineffectiveness in interest rate swap hedges.

(iii) Reconciliation of profit before tax under previous NZ GAAP to that under NZ IFRS

		Group	Parent
		30 June 2007 ($m)	**30 June 2007 ($m)**
Prior year profit before tax as previously reported		67.2	(0.7)
Adjustments to retained earnings (net of tax):			
Changes in the valuation of debt	(a)	10.9	0.0
Recognition of sick leave liability	(b)	0.1	0.1
Recognition of deferred tax liability	(c)	0.0	0.0
Change in provisioning of mortgages	(d)	0.3	0.1
Fair value of NZ dollar interest rate swaps	(e)	(8.2)	0.0
Recognition of interest rate swaps	(f)	2.9	(0.0)
Prior year profit before tax under NZ IFRS		73.2	(0.5)

(a) This results from the fair value calculation on fixed interest Crown loans and domestic bonds.

(b) This represents the liability for sick leave that has accrued at transition.

(c) The deferred tax liability on rental property for tax purposes, due to revaluation.

(d) Arises from the change in the method of provisioning for bad debts from NZ GAAP to NZ IFRS.

(e) Arises from the recognition of NZ dollar interest rate swaps used to hedge interest rate risk in line with HNZC/Treasury policy.

(f) This represents the measured ineffectiveness in interest rate swap hedges.

(iv) Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow statement under previous NZ GAAP.

(v) Explanation of material adjustments to the statement of changes in equity

The opening balance in the statement of changes in equity has been restated to include the deferred tax on the adoption of NZ IFRS figure of $1.347 million, estimated in the Corporation's 2007/08 Statement of Intent.

Audit report - Housing New Zealand Corporation and Group

To the readers of Housing New Zealand Corporation and Group's Financial Statements and Performance Information for the year ended 30 June 2008

The Auditor-General is the auditor of Housing New Zealand Corporation and group. The Auditor-General has appointed me, B R Penrose, using the staff and resources of Ernst & Young, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Corporation and group, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Corporation and group on pages 47 to 95:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Corporation and group's financial position as at 30 June 2008; and
    - the results of operations and cash flows for the year ended on that date.
- The statement of service performance of the Corporation and group on pages 26 to 46:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 10 September 2008, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the members of the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Corporation and group as at 30 June 2008 and the results of operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Corporation and group's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004, and the Housing Corporation Act 1974 (as amended).

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001, and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out specific assignments to provide an independent review of the Income Related Rent process, provide support to the Corporation's review of its performance framework and provide support to the Corporation's transition to New Zealand equivalents to International Financial Reporting Standards. All these assignments are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Corporation and group.

B R Penrose

B R Penrose
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Housing Agency Account financial statements 2007/08

Statement of responsibility for the year ended 30 June 2008

The Housing Agency Account is administered by Housing New Zealand Corporation on behalf of the Crown. It does not form part of the Housing New Zealand Group.

The Board is pleased to present the financial statements of the Housing Agency Account for the year ended 30 June 2008.

a) The Board is responsible for the preparation of the financial statements and the judgements used therein.

b) The Board is responsible for establishing and maintaining a system of internal control to provide reasonable assurance as to the integrity and reliability of financial reporting.

c) In the opinion of the Board, the financial statements for the year ended 30 June 2008 fairly reflect the financial position and financial performance of the Housing Agency Account as that date.

For and on behalf of the Board of Housing New Zealand Corporation acting as agent for the Crown.

Patrick N Snedden
Chairman
Housing New Zealand Corporation

10 September 2008

Lope Ginnen
Deputy Chair
Housing New Zealand Corporation

10 September 2008

Balance sheet as at 30 June 2008

	Notes	2008 ($000)	2007 ($000)
Equity		97,214	51,518
Current liabilities			
Amount due to Housing New Zealand Corporation Group	**7,8**	971	40,914
Accounts payable and accruals	**7**	544	2,869
Total equity and liabilities		**98,729**	**95,301**
Non-current assets			
Land under development	**3**	89,743	90,187
Rental properties	**4**	8,886	4,483
Work in progress		2	0
		98,631	94,670
Current assets			
Land intended for sale	**5**	34	34
GST recoverable	**7**	54	576
Prepayments and other receivables	**7**	10	21
		98	631
Total assets		**98,729**	**95,301**

For and on behalf of the Board of Housing New Zealand Corporation, acting as agent for the Crown, who authorise the issue of these financial statements on 10 September 2008.

Patrick N Snedden
Chairman
Housing New Zealand Corporation

10 September 2008

Lope Ginnen
Deputy Chair
Housing New Zealand Corporation

10 September 2008

The above statement should be read in conjunction with the accompanying notes

Income statement for the year ended 30 June 2008

	Notes	2008 ($000)	2007 ($000)
Operating appropriations		69	0
Rental income		758	776
Interest income		3	0
Other income		32	0
Total operating revenue		**862**	**776**
Operating expenses		1,922	1,540
Interest expense		3,964	3,903
Total operating expenses	**2**	**5,886**	**5,443**
Net deficit		**(5,024)**	**(4,667)**

Statement of changes in equity for the year ended 30 June 2008

Amounts recognised directly in equity for the years ended 30 June 2007 and 2008 are:

	Notes	2008 ($000)	2007 ($000)
Equity at start of the year		**51,518**	**55,947**
Net deficit		(5,024)	(4,667)
Increase in asset revaluation reserve		228	238
Total recognised revenues and expenses for the year		**(4,796)**	**(4,429)**
Contributions from owners			
Capital contributions from the Crown		50,492	0
Equity at the end of the year		**97,214**	**51,518**

The above statement should be read in conjunction with the accompanying notes

Cash flow statement for the year ended 30 June 2008

	Notes	2008 ($000)	2007 ($000)
Cash flows from operating activities			
Cash was provided from			
Rental income		758	776
Income appropriation		69	0
Interest received		3	0
GST recovered		522	168
		1,352	944
Cash was applied to			
Payments to suppliers		4,374	1,360
Interest expense		3,964	2,740
		8,338	4,100
Net cash outflow from operating activities	**6**	(6,986)	(3,156)
Cash flows from investing activities			
Cash was provided from			
Sale of assests		32	0
Cash was applied to			
Purchase and development of land		3,595	9,394
Net cash outflow from investing activities		(3,563)	(9,394)
Cash flows from financing activities			
Cash was provided from			
Loan from Housing New Zealand Corporation Group		0	12,550
Contributions from the Crown		50,492	0
		50,492	12,550
Cash was applied to			
Repayments to Housing New Zealand Corporation Group		(39,943)	0
Net cash inflow from financing activities		10,549	12,550
Net movement in cash held			
Add: Opening cash brought forward		0	0
Ending cash carried forward		**0**	**0**

The above statement should be read in conjunction with the accompanying notes

Notes to the financial statements for the Housing Agency Account for the year ended 30 June 2008

1. Statement of accounting policies

Reporting entity

The Housing Agency Account is administered as an agency of the Crown by Housing New Zealand Corporation in terms of the Housing Act 1955 (the Housing Act). Under the Housing Act, Housing New Zealand Corporation is empowered to act as the agent of the Crown in carrying out the Crown's decisions in relation to acquisition, setting apart, and development of land, and the acquisition of assets, for 'State housing purposes'.

The registered office of Housing New Zealand Corporation (HNZC) is at Level 3, 28 Grey Street, Wellington.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and with section 34 of the Housing Act.

The Housing Agency Account does not form part of the HNZC Group Accounts.

Statement of Compliance

The financial statements comply with the applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

This is the first set of financial statements prepared based on NZ IFRS. There was no material impact on the comparatives for the year ended 30 June 2008 and therefore comparatives for the year ended have not been restated.

Differential reporting

The Housing Agency Account qualifies for differential reporting as it does not have public accountability and the owners are not separated from the governing body. The Housing Agency Account has taken advantage of all available differential reporting exemptions, except for the cash flow statement.

Measurement basis

The financial statements are presented in New Zealand Dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The accounting principles for measuring and reporting financial performance and financial position, on an historical-cost basis, have been followed by the entity except under the modified historical cost basis, rental properties and freehold land have been revalued under *NZ IAS 16, Accounting for Property, Plant and Equipment.*

Specific accounting policies

Specific accounting policies that materially affect the measurement of financial performance and financial position have been consistently applied.

Land under development

Land and related developments are stated at the lower of cost and net realisable value, applied on a basis consistent with management's intended development programme. Any decreases in value are charged to the income statement. Net realisable values have been determined by independent registered valuers. Cost is defined as all costs incurred that are directly related to the development of these assets.

Rental property

Rental properties are revalued to fair value, determined by reference to their highest and best use, on an annual basis under *NZ IFRS 16 Accounting for Property, Plant and Equipment.*

Fair value is determined by reference to market-based evidence, which is the amount which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller at an arm's length transaction as at the valuation date. Independent values are performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Any surplus arising on the revaluation of freehold land and rental properties is recognised in the asset revaluation reserve. A revaluation deficit greater than the asset revaluation reserve is recognised as an expense in the income statement in the period it arises. Revaluation surpluses that reverse previous revaluation deficits recognised in the income statement are recognised as revenue in the income statement.

Depreciation is calculated on a straight line basis over the estimated useful life of the building as follows:

- Rental properties - 40 years

Land intended for sale

Land intended for sale is stated at the lower of cost and net realisable value, applied on a basis consistent with management's intended disposal programme.

Any decreases in value are charged to the income statement. Net realisable values have been determined by independent registered valuers.

Cost is defined as all costs incurred that are directly related to the purchase of these assets.

Cash

For the purposes of the cash flow statement, cash and cash equivalents were previously represented by advances from the HNZC Group. In June 2008 a bank account was set up and funding received to repay the majority of the advance. In the cash flow statement, cash and cash equivalents has therefore been restated to reflect the actual net cash position.

Receivables

Receivables are stated at their estimated realisable value.

Revenue

Revenue shown in the income statement comprises the amounts received and receivable by the Housing Agency Account for providing rental land to customers and gain on sale of land and buildings. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Housing Agency Account and the revenue can be reliably measured.

Interest income

Interest revenue on mortgages, including interest subsidies from the Crown, and short-term investments is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Income tax

The Housing Agency Account is not liable for taxation, by virtue of section CW 31(2) of the Income Tax Act 2005.

Borrowing costs

Interest is not capitalised but expensed in the year it relates to.

Changes in accounting policies

There have been no changes in accounting policies. Since the adoption of NZ IFRS, all accounting policies have been applied on a consistent basis.

2. Operating Expenses

	2008 ($000)	2007 ($000)
Interest	3,964	3,903
Management fee	1,383	1,176
Consultants	207	50
Depreciation (rental property)	74	39
Premises security	65	60
Property maintenance	59	25
Legal costs	27	0
Insurance	24	24
Rates	9	107
Valuation fees	6	29
Other expenses	68	30
Total operating expenses	5,886	5,443

Audit fees are paid by the Corporation.

3. Land under development

	2008 ($000)	2007 ($000)
Land	89,743	90,187

Land is held at the lower of cost or net realisable value. Land value comprises properties transferred from various sections of the Crown under the Public Works Act 1981. The cost related to these parcels of land as at 30 June 2008 amounted to $89.7 million (2007, $90.2 million). The parcels of land under development have been valued as at 30 June 2008, by Quotable Value New Zealand, a company employing Registered and Qualified Valuers, with the Principal Registered Valuer for the valuation being Kerry Stewart (PG Dip Env Audit, MBA, ANZIV, SNZPI). The fair value is $180.4 million (2007, $178.2 million).

4. Rental properties

	2008 ($000)	2007 ($000)
Land	4,369	2,129
Buildings	4,517	2,354
	8,886	4,483

Rental properties comprising land and improvements were revalued as at 30 June 2008 at fair value in accordance with NZ *IFRS 16 Accounting for Property, Plant and Equipment.*

The valuation was carried out by Quotable Value New Zealand, a company employing Registered and Qualified Valuers, with the Principal Registered Valuer for the valuation being Kerry Stewart (PG Dip Env Audit, MBA, ANZIV, SNZPI).

The total gross amount of the valuation excluding properties intended for sale, and excluding selling and other costs, was $8.9 million (2007, $4.5 million).

The revaluation effect relating to rental properties was an increase of $0.2 million (2007, $0.2 million).

5. Land intended for sale

	2008 ($000)	2007 ($000)
Land intended for sale	34	34

Land intended for sale is held at the lower of cost or net realisable value. Land intended for sale was valued as at 30 June 2007 at fair value. The valuation was carried out by Quotable Value New Zealand, a company employing Registered and Qualified Valuers, with the Principal Registered Valuer for the valuation being Kerry Stewart (PG Dip Env Audit, MBA, ANZIV, SNZPI).

The net realisable value is $7.3 million (2007, $3.0 million).

6. Reconciliation of net surplus with cash flows from operating activities

	2008 ($000)	2007 ($000)
Net deficit	(5,024)	(4,667)
Add/(less) non cash items		
Depreciation	74	39
Gain on sale of fixed assets	(32)	0
Capitalised interest	0	1,163
Movement in working capital		
Increase/(decrease) in payables	(2,537)	155
Decrease in receivables and prepayments	533	154
Net cash inflow/(outflow) from operating activities	(6,986)	(3,156)

The movement in the working capital for payables excludes $0.2 million (2007, $2.6 million) relating to investing and financing activities.

The movement in receivables does not include any amounts (2007, nil) relating to investing and financing activities.

7. Financial instruments

30 June 2008	Loans and receivables ($000)	Fair value through the income statement ($000)	Available for sale ($000)	Other financial liabilities ($000)	Total ($000)
Financial assets					
Trade and other receivables	64	0	0	0	**64**
Total financial assets	64	0	0	0	**64**
Financial liabilities					
Borrowings from HNZC Group	0	0	0	971	**971**
Trade and other payables	0	0	0	544	**544**
Total financial liabilities	0	0	0	1,515	**1,515**

30 June 2007	Loans and receivables ($000)	Fair value through the income statement ($000)	Available for sale ($000)	Other financial liabilities ($000)	Total ($000)
Financial assets					
Trade and other receivables	597	0	0	0	**597**
Total financial assets	597	0	0	0	**597**
Financial liabilities					
Borrowings from HNZC Group	0	0	0	40,914	**40,914**
Trade and other payables	0	0	0	2,869	**2,869**
Total financial liabilities	0	0	0	43,783	**43,783**

8. Transactions with related parties

The Crown wholly owns the Housing Agency Account. The Housing Agency Account undertakes some transactions with statutory corporations, state-owned enterprises and government departments on an arm's length basis. These transactions are not considered to be related party transactions as defined in *NZ IAS 24 Related Party Disclosures*.

In the year to 30 June 2008, the Housing New Zealand Corporation Group, including Hobsonville Land Company Limited, provided management services to the Housing Agency Account. A management fee of $1.4 million (2007, $1.2 million) was charged by Housing New Zealand Corporation and Hobsonville Land Company Limited for these services.

The Housing New Zealand Corporation administers the Housing Agency Account as an agency of the Crown in terms of the Housing Act 1955.

As at 30 June 2008, the total amount owing from the Housing Agency Account to the Corporation is $1 million (2007, $38.6 million). The amount owing to Hobsonville Land Company Limited is nil (2007, $2.2 million) and to Housing New Zealand Limited is nil (2007, $0.1 million).

Housing New Zealand Corporation charged interest on the average monthly balance owed by the Housing Agency Account, at the 3-month bank bill rate (8.4–9.2%). Interest charged in the year was $4.0 million (2007, $2.7 million).

9. Segment information

The Housing Agency Account predominantly operates in one industry, being the ownership of land, and in one geographical segment, being New Zealand, for reporting purposes.

10. Impact of adoption of NZ IFRS

There have been no material impacts as a result of the adoption of NZ IFRS from previous New Zealand Generally Accepted Accounting Practice (NZ GAAP).

11. Contingent asset

On 30 June 2008, Housing New Zealand Corporation, acting as agent for the Housing Agency Account, and the Ministry of Education reached agreement as to the site for a primary school in the Hobsonville development. Land (3.6 hectares) will be transferred to the Ministry of Education when appropriate development consents have been obtained and the site development completed. This transfer will not occur in the next financial year.

12. Commitments

The principal development project is the Hobsonville airbase in Auckland. Hobsonville Land Company Limited, a wholly-owned subsidiary of Housing New Zealand Corporation, is masterplanning the Crown-led staged development of the former airbase into a sustainable mixed community of more than 3,000 homes, of which up to 15% will provide for affordable home ownership and up to 15% will contribute to Housing New Zealand Corporation's social housing objectives.

Hobsonville Land Company Limited and AV Jennings Ltd signed a partnering Precinct Development Agreement (PDA) on 10 April 2008, for the first stage development of the former Hobsonville airbase. The $300 million Precinct One development covered by the PDA involves 30 hectares, broader site infrastructure and the construction of 650 homes, being a mix of detached and terraced homes and apartments. Subject to consents civil works are scheduled to start in late 2008 and house building in 2009.

Audit Report - Housing Agency Account

To the readers of Housing Agency Account's Financial Statements for the year ended 30 June 2008

The Auditor-General is the auditor of Housing Agency Account (the Account). The Auditor-General has appointed me, B R Penrose, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Account, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion the financial statements of the Account on pages 99 to 107:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Account's financial position as at 30 June 2008; and
  - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 10 September 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Housing New Zealand Corporation Board (the Board) and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;

- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by members of the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Account as at 30 June 2008, and the results of its operations and cash flows for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989 and the Housing Act 1955.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

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

B R Penrose

B R Penrose
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

The two key pieces of legislation that impact on the Corporation's governance are the Housing Corporation Act 1974 and the Crown Entities Act 2004. The Corporation's objectives are set out in the Housing Corporation Act and are stated to be:

(a) to give effect to the Crown's social objectives by providing housing, and services related to housing, in a business-like manner, and to that end to be an organisation that:

i. exhibits a sense of social responsibility by having regard to the interests of the community in which it operates

ii. exhibits a sense of environmental responsibility by having regard to the environmental implications of its operations

iii. operates with good financial oversight and stewardship, and efficiently and effectively manages its assets and liabilities and the Crown's investment

(b) to ensure that the Minister of Housing receives appropriate policy advice and information on housing and services related to housing[15].

The Board

The Board works together to establish the strategic direction and future priorities for the Minister of Housing to consider.

The Board comprises eight non-executive members. Each appointment is for up to three years, with the possibility of further reappointment. The Board members are:

Pat Snedden (Chairman)

Lope Ginnen (Deputy Chair)

Jo Brosnahan

Tony Paine

Greg Hinton

Garry Wilson

Colin Dale

Sandra Lee

15 Section 3b, Part 1, Housing Corporation Act 1974.

Table 8: Board meetings for 2007/08

Members	Board meeting attendance	Scheduled meetings
Pat Snedden	12	12
Lope Ginnen	12	12
Jo Brosnahan	11	12
Tony Paine	11	12
Greg Hinton	10	12
Garry Wilson	11	12
Colin Dale	12	12
Sandra Lee	11	12

Source: Corporation Board minutes to June 2008.

Accountability

Each year the Minister of Housing outlines their expectations of the Corporation for the coming year. This outline helps develop the business plan and Statement of Intent. The Minister tables the Statement of Intent in Parliament. The Minister's formal line of accountability with the Corporation is through the Board. Formal reporting to the Minister is conducted quarterly. The Board selects, appoints and monitors the performance of the Chief Executive. The Chief Executive is responsible to the Board for the efficient and effective running of the Corporation.

Risk management

The Corporation recognises that risk management is integral to good corporate governance and management. All Corporation business groups are required to complete annual risk management plans as part of their business planning. Risk management activities include identifying new and emerging risks, quarterly reporting on risks to the Board and Minister, and quarterly progress reports on the implementation of agreed risk treatment plans.

The Corporation has developed a three-year Risk Management Plan to incorporate best practice into the Corporation's culture. The plan will help progress the Corporation towards:

- having a risk-smart culture where risks are identified, analysed, evaluated and monitored in a balanced way
- operating in an environment of few surprises with risk-reporting systems that provide early warnings and the opportunity to manage and mitigate risks.

Charters

The Corporation operates charters for each of its Board committees. Earlier this year all the Board charters were reviewed. The Māori Capability Committee charter was amended to permit the appointment of additional committee members and to allow the committee to have a membership that is not exclusively comprised of Corporation Board members.

Executive Team

The Executive Team comprises six general managers and the Chief Executive Lesley McTurk.

Operations

The Operations group is led by the Chief Operating Officer Stephen McArthur, who has overall responsibility for the delivery of services to Corporation customers.

Strategy, Policy, Research and Evaluation

The General Manager Strategy, Policy, Research and Evaluation is Judy Glackin. Judy's group provides support on policy, strategy development and implementation to the Board, Executive Team and the different organisational groups. The group also manages the Corporation's research programme and provides policy advice to the Minister.

Advisory and Assurance

General Manager Lisa Tipping leads the Advisory and Assurance group. This group includes the legal team, the government relations unit, investigations, internal audit and quality audit teams.

Asset Programme

The Asset Programme group is led by General Manager Kevin Mara and comprises three business teams: the strategic asset planning team, the programme acquisition and development team, and the asset management team.

Organisational Development and Communications

Organisational Development and Communications is led by General Manager Adrienne Murray. The group works with the Chief Executive and the leadership team to build and maintain a culture to deliver the Corporation's mission, demonstrate the values, and achieve the strategic objectives by aligning structure, systems, processes, staffing and people management. The group also provides communications support to the Corporation.

Corporate Services

The Corporate Services group is led by the General Manager Corporate Services Roy Baker, and comprises a number of support teams across a mix of disciplines including: information systems, information technology, management information, finance, procurement, treasury and credit, and financial services.

Staff

Housing Assistance

Housing Assistance is a freephone service that is accessible 24 hours a day, seven days a week, via the National Contact Centre. The service receives a broad range of enquiries, from maintenance on current tenancies to any of the wide range of Corporation products or services. In 2007/08, Housing Assistance continued to experience call volume growth. In August 2007, operations were expanded by about 30 percent to meet increased customer demand.

Table 9: Housing Assistance statistics

Year	Total enquiries
2005/06	380,141
2006/07	420,326
2007/08	548,913

Source: Housing Assistance.

National Contact Centre customer service

The National Contact Centre's Gravitas customer satisfaction survey continues to produce excellent results. In 2007/08 the average customer satisfaction result was 98 percent.

Enhancing skills and knowledge

The Corporation needs to invest in developing people to ensure it has the right people with the right skills. Many specialist training and education programmes are available and range from the formal induction process to leadership development and technical training. These programmes support staff to develop their capability to deliver services within their current roles and ensure they have the capacity to respond to new opportunities and future organisational needs.

In 2007/08:

- 179 new staff attended the two-day formal induction to learn more about the structure, services, products and shared objectives
- 13 staff completed the Certificate in the National Certificate of Public Sector Services (Client/Customers Level 4) with a further six staff due to complete in the 2008/09 financial year
- nine staff were awarded Making a Difference Scholarships allowing them to participate in a year-long course of part-time study in areas of specialisation related to the Corporation's work
- five staff were awarded Swinburne Scholarships for study towards the Certificate of Social Science in Housing Management Policy
- one staff member was awarded a scholarship to attend the Leadership New Zealand Programme, which focuses on issues of importance to New Zealand leaders now and in the future, and explores social, political, economic and cultural forces and trends

- four training schools were held in Auckland to help improve tenancy management expertise
- training clinics were held across the country that included topics of working with the law, the Residential Tenancies Act, Official Information Act and the Privacy Act
- one-on-one coaching was provided through a trainer-for-a-day programme
- refresher clinics were held on core technical policies and procedures.

Maintaining a safe and healthy workplace

The Corporation has appointed a national security manager and a health and safety manager to work with the business to develop security and health and safety strategies. Good progress has been made upgrading the security systems and practices for staff and the Corporation's offices.

Work also started on the deployment of a comprehensive health, safety and security management framework to deliver excellence in health, safety and security performance.

Recognising and celebrating diversity

In 2007/08, the Corporation continued to celebrate diversity by supporting the activities of Te Hou Ora and Tagata Pasifika.

Te Hou Ora, the Māori staff network, guides the Corporation's efforts to support and develop the aims and aspirations of Māori staff.

Tagata Pasifika, the Pacific staff network, supports Pacific staff to grow culturally and professionally in their roles.

The Corporation supported events such as Māori Language Week, Matariki, International Race Relations Day and World Refugee Day.

Hobsonville Land Company 2007/08 Sustainability Report

I am pleased to present the first Sustainability Report for the Hobsonville Land Company Limited (HLC).

The Hobsonville development in Auckland will be a flagship for sustainable urban development and provide an illustration of how good urban design and affordable housing are compatible with a commercially-driven approach to land and property development. The development is expected to take 10 to 15 years, and involve close working relationships with the private sector.

A major milestone achieved recently was submitting the Comprehensive Development Plan (CDP) for the first stage of the development, called the Buckley Precinct. The CDP identifies locations for residential, educational, retail, daycare centres and other non-residential activities. The proposed locations for aspects such as neighbourhood parks, reserves, walkways and cycleways, bus stops and the main road network are also identified. The CDP outlines how infrastructure services such as stormwater, wastewater, water supply, power and telecommunications will be provided. HLC is working with Waitakere City Council, the Auckland Regional Transport Authority, Auckland Regional Council and Watercare Services to ensure these core infrastructure elements are in place. The engineering design for the Buckley Precinct includes low impact design stormwater management.

Outside of the CDP, work has started on a concept for a 4.5km walk and cycleway along the coast and on a concept design for 'The Landing', including a ferry wharf.

AV Jennings Properties Limited has been appointed as development partner for this first precinct. AV Jennings Properties Ltd is also committed to meeting our sustainability objectives.

Sean Bignell
Chief Executive

Reporting process/about this report

This report presents information on HLC's activities and achievements for 2007/08 against the Sustainable Development Framework, and summarises the key priorities for the year ahead. It presents HLC's performance against our four spheres of sustainability: environment, economic, social and cultural.

The Sustainability Framework was developed through extensive stakeholder consultation via our 'Target Zero' stakeholder group. This group has representatives from the Board of HLC, Auckland Regional Council, Ministry for the Environment, Energy Efficiency and Conservation Authority, New Zealand Green Building Council, Sustainable Business Network, Department of Building and Housing, Department of Prime Minister and Cabinet, Beacon Pathway Ltd and Landcare Research. The framework is a living document that will continue to evolve to reflect our increasing understanding of sustainable development over time.

A high proportion of the indicators are long-term indicators and are not yet at a stage where they can be reported against in this report. Where possible, we have reported them in relation to the first stage of the development, the Buckley Precinct.

For the 2008/09 financial year we plan to report on the following target areas and progress undertaken to ensure achievement.

- Minimum sustainability standard for Buckley homes
- Components of the demonstration house within the display village
- Sustainable energy services for site
- Delivery of high speed broadband services to the whole development
- Baseline monitoring for species counts and sediment heavy metal contamination (indicators)
- Affordable housing strategy
- Public transport integration and initiatives
- Community development
- Historical values and cultural recognition

Environmental

Ecology	Energy	Water	Resource efficiency
Create an integrated natural habitat Increase indigenous biodiversity	Reduce non-renewable energy use Produce renewable energy Energy efficiency	Reduce water consumption Improve water quality	Recycle and renew existing buildings and other infrastructure Reduce offsite waste disposal

Long-term indicators

- A continuous green corridor with native vegetation covering at least 10% of the site is retained/established.
- Pre- and post-development endemic fauna and flora counts indicate that species diversity and abundance has increased in key areas.
- Average household grid energy (reticulated gas and electricity) consumption is 6,500 kWh/year or less.
- Copper, lead and zinc concentrations remain below the Threshold Effect Levels (TEL) value at monitoring sites immediately downstream of stormwater discharge points.
- Average residential town supply water consumption is 100 litres or less per person per day.
- Mixed household waste collected is 100kg/person/year or less.
- Peak sewage flows from the site do not exceed 91 litres per second.

Long-term indicators are for 2021 and have not yet been measured, however a methodology for copper, lead and zinc contamination measurement has been developed in 2007/08 and baseline contamination levels will be measured during the 2008/09 year.

Development indicators are not specific targets for the 2008/09 year, however progress has already been made against a number of them and this will help achieve long-term indicators and objectives.

Development indicators	Comment
At least 16ha is planted/retained in suitable vegetation native to the area (this area will include walkways and other public access amenities)	Landscaping concept plans for the coastal walkway and the Buckley Precinct contribute to target
Eco-sourced native plants are used where native plants are planted in public areas	Eco-sourcing work initiated
Education/management programme in place	Planned for 2009
Houses built to Home Energy Rating Scheme (HERS) 5-star thermal performance rating and within the top 25% HERS hot water band (the HERS hot water star rating scale is yet to be determined)	Rating agreed with Buckley development partner
All properties have smart meters and time of use pricing	Expression of Interest conducted seeking metering and pricing options
All appliances that are included in the house and land package to carry the 'Energy Star' rating. If no such appliance is available, then a minimum rating of 4 stars should be achieved on the mandatory rating label	At next stage of design
Commercial buildings designed/retrofitted to 5-star New Zealand Green Building Council rating	At next stage of design
At least 3 on-site demonstration renewable generation projects	Planned for 2009/10
All stormwater, except roof water, receives treatment before being discharged into the harbour	Included in engineering design of Buckley Precinct
Where possible run-off from impermeable areas (except roofs) is treated at or near the source	Included in engineering design of Buckley Precinct
All houses have 4.5/3 litre, or less, dual flush toilets	Agreed with development partner
3-star or better water saving fixtures and appliances	Agreed with development partner
Dwellings are served by rain tanks supplying toilets, laundry and garden use	Agreed with development partner
No in-built irrigation will be provided in gardens	Agreed with development partner
All dwellings will have water meters (including apartments)	Agreed with development partner
At least 20% of existing buildings will be retained and renovated or reused offsite	Planned for construction stage
A waste management plan, using the REBRI (Resource Efficiency in the Building and Related Industries) methodology, is in place to cover construction and demolition	Planned for construction stage
At least 3 public recycling bins are provided in public spaces	Planned for occupancy stage
Spaces for communal recycling bins are provided in apartment buildings	At next stage of design

Economic

Growth	Employment	Viability	Transport
Maximise contribution to Auckland's economic growth through development of marine industry and associated business opportunities at Hobsonville Maximise local economic independence	Maximise opportunities for local employment	Generate a commercially acceptable return on investment Demonstrate the overall economic benefits of a sustainable urban development approach Demonstrate the impacts of a sustainable development approach on household expenditure	Support the Auckland Regional Land Transport Strategy Minimise dependence on motor vehicles for daily activity

Long-term indicators

- At least 80% of residents state they have used a local shop, restaurant, café or service in the last week.
- 80% of businesses indicate that their business has grown in the last 12 months.
- Marine cluster economic output increases and contributes to Waitakere economy.
- At least 0.65 jobs per household are available at Hobsonville.
- The percentage of residents in employment who work locally (north-west Auckland) is measured.
- Business case targets are met.
- 50% or more households have one vehicle or less.
- 40% or fewer workers travel to work by driving themselves.
- Mode share of resident trips is monitored through the resident survey and targets are set by 2011 and achieved by 2021.
- Passenger targets agreed with Auckland Regional Transport Authority (ARTA) and met.

Long-term indicators are for 2021 and have not yet been measured.

Development indicators are not specific targets for the 2008/09 year, however progress has already been made against a number of them and this will help achieve long-term indicators and objectives.

Development indicators	Comment
20ha marine industry precinct facilitated and serviced	Comprehensive Development Plan yet to be confirmed and lodged for the marine cluster - but zoning reflected in District Plan
Opportunities for local retail businesses established	Comprehensive Development Plan area includes two retail areas
Fibre to the premises installed	Expression of Interest conducted for provision of fibre
Farmers/local produce market established by 2012	Planned for future years
Education/management programme in place	Planned for 2009
At least 5% of premises on the spine road are suitable for conversion to commercial/mixed use	Allowed for in the Comprehensive Development Plan
5ha is provided for mixed use development	Included in masterplan
Financial indicators agreed with Government are met	On track based on current project status
An affordable housing strategy is in place and implemented	Under development for construction stage 2009/10
75% of dwellings are within 400m walking distance of a bus stop and all are within 800m	Achieved in masterplan and Comprehensive Development Plan area
75% of dwellings are within 800m walking distance of: • convenience store • community facility • early childhood education	Achieved in masterplan and Comprehensive Development Plan area
75% of dwellings are within 1200m walking distance of the primary school	Achieved in masterplan and Comprehensive Development Plan area in relation to planned school site
75% of dwellings are within 1600m walking distance of the secondary school	Achieved in masterplan and Comprehensive Development Plan area in relation to planned school site
At least 14km of dedicated pedestrian and cycle routes	Masterplan meets this target
Ferry facilities in place by 2010	Work with ARTA to plan for this is well-advanced
Loop bus service in place by 2010	Work with ARTA to plan for this is well-advanced
Transport Management Association established	To be established 2009/10

Social

Inclusion	Quality of life	Accessibility
Create opportunities for all sectors of society to live at Hobsonville Maximise opportunities for community participation	Promote a healthy and safe living environment Ensure the public realm is attractive and accessible Maximise opportunities for Hobsonville to become a learning community	Ensure Hobsonville is accessible to people at all stages of life and ability Ensure all residents have enhanced access to essential services

Long-term indicators

- At least 80% of people report positive contact with their neighbours, such as a visit, or asking each other for a small favour
- Fewer than 10% of people report negative contact with their neighbours, where there is outright tension
- At least 70% of people report that they have used a local park or community facility in the last month
- At least 80% of people feel that their neighbourhood is a safe place for unsupervised children
- At least 85% of people feel safe in their neighbourhood after dark
- 85% of residents rate the quality of public space as good/very good
- 60% of school children bike/walk or catch public transport to school
- 35% of residents participate in community/adult education
- 80% of households have access to the internet
- 95% of people feel the Hobsonville site is very/reasonably safe for pedestrians
- 95% of cyclists feel that cycling within the Hobsonville site is very/reasonably safe

Long-term indicators are for 2021 and have not yet been measured.

Development indicators are not specific targets for the 2008/09 year, however progress has already been made against a number of them and this will help achieve long-term indicators and objectives.

Development indicators	Comment
Include up to 15% affordable owner occupied housing	Planned for in Buckley Precinct as part of overall integrated mix
Include up to 15% social rental housing	Planned for in Buckley Precinct as part of overall integrated mix
All roads are open to the public (no gated communities)	Achieved in the Comprehensive Development Plan area
The development will contain a mixture of apartments, terraces and detached dwellings	Planned mix in the Comprehensive Development Plan area is approximately 10% apartments, 70% terrace houses and 20% free-standing houses
A mixture of 1–2 bedroom, 3 and 4-plus bedroom homes will be built to cater for a variety of housing needs	At next stage of design
75% of dwellings are within 400m walking distance of a public space with recreational facilities (playground, seating or similar)	Achieved in the Comprehensive Development Plan area
At least one local public event is held each year	Planned once residents move in
Education/management programme in place	Planned for 2009
Maintenance of public spaces is to a high standard	Planned once construction completed
Housing New Zealand tenancy manager on site	Planned once tenants on site
Multifunctional space provided for use by community groups and social services providers	Planned for 2009/10
Community development worker appointed	Planned for 2009/10
School facilities are available for community use when not required by school (after hours)	Memorandum of understanding under development with Ministry of Education and Waitakere City Council regarding schools at Hobsonville
School travel plans in place in school's first year of operation	Planned once schools are operating
'Universal design' units will be included to meet community needs	At next level of design
Public buildings altered for accessible access	At next level of design
Fibre optic cabling in place and available to every household, education facility and business	Expression of Interest conducted for provision of telecommunications infrastructure
CPTED (crime prevention through environmental design) audit of design and completed stages	Included in design work to date – audit to follow occupancy stage

Cultural

Sense of place 'Turangawaewae'	Custodianship 'Kaitiakitanga'	Heritage	Cultural Life
Create a distinctive identity for Hobsonville	Promote environmental and social responsibility among residents	Ensure that Hobsonville's future reflects its past	Promote a diverse range of cultural, sporting and other opportunities
	Acknowledge the Haukainga (home people) of the area		Celebrate local events

Long-term indicators

- Location strategy implemented by the end of stage two of development
- At least 75% of residents feel a sense of community in the local neighbourhood
- 30% of residents state that they participate in local residents' association/community body activities
- At least 55% of residents have taken action during the past year to improve the natural environment
- The percentage of residents who report seeing tui and fantails in their garden or neighbourhood during the last week increases over time
- 80% of residents have visited at least one of the heritage sites at Hobsonville
- The Headquarters building, Mill House, the 'Arts and Crafts' style officer housing and the Sunderland Lounge are retained and converted to appropriate uses
- 75% of residents participate in cultural, sporting or recreational activities

Long-term indicators are for 2021 and have not yet been measured.

Development indicators are not specific targets for the 2008/09 year, however progress has already been made against a number of them and this will help achieve long-term indicators and objectives.

Development indicators	Comment
Phoenix palms along Buckley Ave are retained	Planned 100% retention, some relocation to meet CDP
Consultation with community groups and historical societies undertaken	Consultation occurred and formal arrangements to be agreed
All place names drawn from local association	At next level of design
Iwi consultation occurs as part of the development	Process initiated, further work to follow
At least 1 suitable memorial work/site that reflects the iwi heritage	At next level of design
Community body formed of resident, business and school representatives to be involved in the project area	To be formed 2009/10
Education/management programme in place	Planned for 2009
Key historic/architectural buildings are retained and restored and information about these is provided to the public	No heritage buildings in first precinct, but overall planning for whole site being developed
Bomb Point includes a potential regional park use as part of the overall integrated housing development	Discussions started with WCC and ARC, decision yet to be made
Historical trail established to draw out iwi, airforce and other local connections	Discussions with Hobsonville Old Boys initiated and iwi involvement in overall planning of the trail
A comprehensive historical and cultural assessment is undertaken and the findings are made available to local residents	Work initiated
At least 1 suitable memorial work/site that reflects the airforce heritage	Work initiated (entrance gate plaque to be relocated)
At least 5 different types of active recreation facilities/areas are provided (such as boat launching, basketball, walking/cycling track, school sports fields, netball court, community hall, skate park, barbecue areas)	Planned in overall masterplan

Housing New Zealand
Housing New Zealand Corporation

National Office Wellington
28 Grey Street, Wellington
PO Box 2628, Wellington 6140
Phone: 04 439 3000
Fax: 04 472 5752

www.hnzc.co.nz

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