Kāinga Ora
Homes and Communities

TE PŪRONGO Ā-TAU
ANNUAL REPORT
2025/26

2025/26

Purpose of this document | Te whāinga o te pukapuka

The Annual Report provides a comprehensive overview of the financial and organisational performance of Kāinga Ora – Homes and Communities (Kāinga Ora) for the 2025/26 financial year. It is part of a suite of key accountability documents, ensuring transparency and demonstrating the commitment of Kāinga Ora to its goals and strategic objectives while complying with regulatory requirements.

The Kāinga Ora Greenhouse Gas Emissions Inventory provides an assessment of our emissions across our areas of activity. It includes information about our emissions reduction targets and our progress towards meeting them. It is available at: https://kaingaora.govt.nz/assets/Publications/Annual-report/Kainga-Ora-GHG-Emissions-Inventory-2026.pdf.

This report is presented to the House of Representatives pursuant to section 150(3) of the Crown Entities Act 2004 and section 19A of the Public Finance Act 1989.

How to navigate this document | Me pēhea te whakatere i roto i tēnei puka

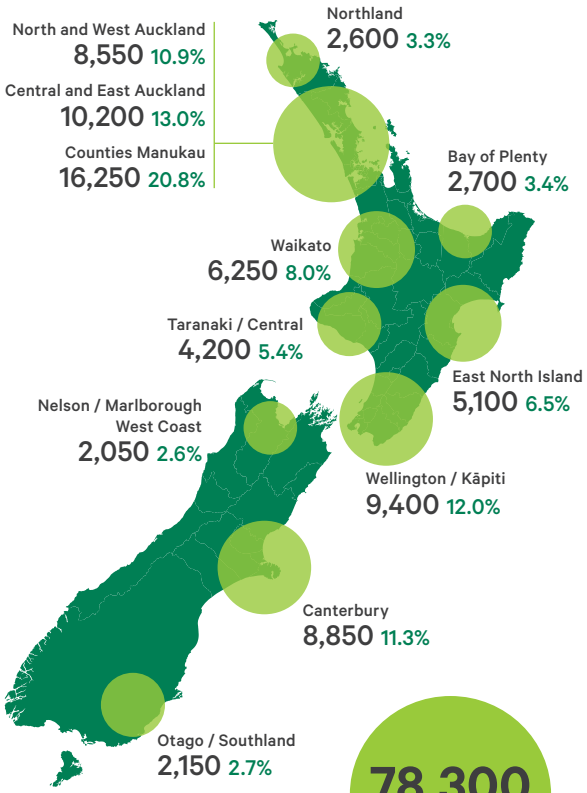
The report is organised into the following key sections:

Section	Description	To go directly to this section:
Who we are	Summary of our vision, our role and the values that guide everything we do.	See page 11
Implementing the Government's priorities	Summary of how Kāinga Ora supported Government priorities during 2025/26.	See page 16
Delivering on our vision and strategic objectives	Overview of activities and outputs delivered in 2025/26 and how they contributed to our goals.	See page 21
Our statement of performance	Detailed reporting on outputs and services delivered, including Statement of Performance Expectations (SPE) measures and results. This also includes Statement of Intent (SOI) and SPE performance measure assessment criteria.	See page 51
Our governance and leadership	Information on our governance arrangements, risk management and compliance.	See page 60
Organisational health and capability	Overview of organisational health, capability and workforce statistics supporting service delivery.	See page 67
Financial statements	Audited financial information, including explanations of significant variances.	See page 81

See Contents page for a more detailed breakdown of the report.

Our customers and homes |
Ō mātou kairēti, kāinga hoki

Our housing portfolio distribution*



* Asset figures are rounded to the nearest 50 and represent all asset uses. All data as at 30 June 2026.

Our customers

200,000
OCCUPANTS (rounded to the nearest 1,000)

3.7% KĀINGA ORA OCCUPANTS PERCENTAGE OF NZ POPULATION

Demand

91%
People with highest needs housed from Housing Register

3.9%
Risk rated
Percentage of people risk rated by MSD as having an immediate and severe need for housing prior to becoming Kāinga Ora tenants over the last 2 years.

People

46%
Tenancies with children <18yrs

26%
Tenancies with elderly 65+yrs

36% Tenancies with Māori

23% Tenancies with Pasifika

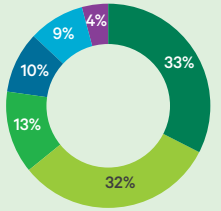
Household

9 years
Average tenancy length

32%
Tenancies 10+ years

2.8
Average household size

Household composition



- One person
- One parent with children
- Multi-person with children
- Multi-person not including children
- Couple with children only
- Couple only

Our homes

78,300
TOTAL MANAGED STOCK
(rounded to the nearest 50)

$46.1B
VALUE OF HOUSING AND LAND PORTFOLIO
(as at 30 June 2026, from a total asset pool at that time of $47.5 billion)

3.7% KĀINGA ORA PERCENTAGE OF PRIVATE DWELLINGS IN NZ

Regional condition ranges across 12 operating regions

27–44yrs
Average age range

38,000
49%
Stock built prior to 1986

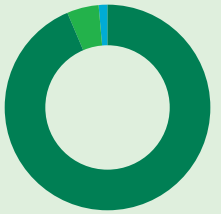
1.7–2.5
Average property condition per operating region, all asset uses
Score is out of 5, with 1 being excellent condition

Regional rent ranges across 12 operating regions

$502 – $647
Average weekly rent range

$389M
Total spend maintenance (OPEX)
Year ending June 2026

Housing types



- Social housing **73,325**
- Supported housing **3,898**
- Community housing provider lease **1,071**

See note 1 for details.

Flood risk for 1 in 100-year event

Based on Kāinga Ora assets nationwide



- Not affected **91%**
- Building floor exposed **9%**

Additional notes:

Note 1 – Other Kāinga Ora housing portfolios

Supported housing includes these types:

- **Transitional housing** provides people in urgent need with a healthy, dry, safe place to live while they receive wraparound support services. These homes are leased to providers contracted by MCERT.
- **Community Group Housing** supports people with specific or complex needs through residential and non-residential housing. Kāinga Ora leases suitable properties to specialist providers.
- **Community housing provider** leases are Kāinga Ora-owned homes leased to other social housing providers to manage.

Our annual performance scorecard |
Tō mātou kāri māka ā-tau mō ā mātou mahi

Our tenancy management

Disruptive behaviour incidents with a decision made in 15 days

99%

Target ≥90%
FY25 baseline – 96%

Current tenant rental debt

$3.2m

Target <$6m
FY24 baseline – $19.4m

Our build performance and portfolio management

Renewals – new house builds and retrofits delivered

2,136[1]

Full-year target – 2,075 – 2,575
FY24 baseline – 5,738

Percentage of homes tenanted

99.2%

Target ≥98%
FY24 baseline – 97.8%

Our cost efficiency

Overhead costs/total revenue

7.8%[2]

Target 8.4%
FY24 baseline – 13.1%

Build cost per square metre (excl. GST)

$2,713[3]

Target $2,980
FY24 baseline – $3,473

Our financial sustainability

Full-year net surplus before tax

($140m)

FY budget ($423m)
FY24 baseline – ($722m)

Interest cover ratio

1.9

Target 1.4
FY24 baseline – 0.8

KEY Achieved/on track At risk Off track

1. This result includes 1,641 gross new builds and 495 retrofits of old Kāinga Ora homes – a total 2,136 renewals.
2. Overhead costs include all support function-related costs.
3. This measure includes only above-ground build costs for social stand-alone homes only.

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Statement of responsibility | Tauākī noho haepapa

Kāinga Ora – Homes and Communities is a Crown entity operating in accordance with the Kāinga Ora – Homes and Communities Act 2019 and the Crown Entities Act 2004. It has two wholly owned subsidiaries, Housing New Zealand Limited and Housing New Zealand Build Limited, which are Crown entity-controlled companies required to comply with the Companies Act 1993.

The Board is responsible for the preparation of the financial statements and statement of performance and the judgements used therein. The Board is responsible for any end-of-year performance information provided by Kāinga Ora – Homes and Communities under section 19A of the Public Finance Act 1989.

The Board is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting. In the opinion of the Board, the financial statements and statement of performance for the year ended 30 June 2026 fairly reflect the financial position and operations of Kāinga Ora – Homes and Communities at that date.

For and on behalf of the Board.

Simon Moutter
Chair

29 September 2026

Jenn Bestwick
Deputy Chair

29 September 2026

Foreword | Kupu whakataki



Simon Moutter
KĀINGA ORA CHAIR

Every day, Kāinga Ora provides homes for more than 200,000 New Zealanders through a portfolio of around 78,000 homes.

A year of progress and change

The 2025/26 year marked a significant milestone for Kāinga Ora. It saw the completion of a major organisational reset and the start of a new chapter as we continue our transformation. With clearer priorities and stronger foundations in place, we are focused on ensuring Kāinga Ora can sustainably deliver on its role as New Zealand's largest social housing landlord for many years to come.

Every day, Kāinga Ora provides homes for more than 200,000 New Zealanders through a portfolio of around 78,000 homes. We also support urban development that helps create stronger communities and improves housing outcomes for people and whānau. Meeting these responsibilities requires us to balance social outcomes, financial sustainability and careful stewardship of public resources.

The Government's expectations have remained clear: restore financial sustainability, improve operational performance, reduce build and operating costs, make better use of housing assets and deliver services efficiently for customers and taxpayers. Throughout the year, the Board remained focused on these priorities while staying true to what matters most: providing safe, secure and stable homes for those who need them most.

We are pleased with the progress made over the past year. While there is still work to do, the steps taken during 2025/26 have laid a strong foundation for the future.

Delivering on Government priorities

While strengthening its financial position and improving operational performance, Kāinga Ora remained focused on delivering quality homes for New Zealand communities. During the year, we delivered 2,136 new and retrofitted homes and continued investing in the renewal and maintenance of our housing portfolio to better meet the needs of current and future customers. We also made significant progress in improving tenancy services and supporting positive outcomes for the people who live in our homes. Current tenant rent arrears fell by $3.7 million to $3.2 million, disruptive behaviour cases were resolved more quickly, with decisions made within 15 days in 99 percent of cases, and customer satisfaction with overall services reached 85 percent.

We met or exceeded all our Statement of Performance Expectations (SPE) and are on track to meet our Statement of Intent (SOI) targets, reflecting our ability to deliver responsive, effective services for customers while balancing wider community needs and government priorities.

From reset to transformation

The completion of the Reset Plan in December 2025 marked an important milestone for the organisation. The Plan refocused Kāinga Ora on its core purpose and established the foundations for improved performance and financial sustainability. We want to acknowledge the pivotal role that former Chief Executive Matt Crockett played in delivering the Reset Plan and positioning Kāinga Ora strongly for the future.

During the year, we delivered 2,136 new and retrofitted homes and continued investing in the renewal and maintenance of our housing portfolio to better meet the needs of current and future customers.

With this work complete, Kāinga Ora has moved into the next phase of the transformation plan under the leadership of new Chief Executive Tracey Taylor. Our focus has shifted to modernising systems, simplifying business processes, strengthening management practices and building organisational capability.

Significant progress was made during the year, including securing Government support for our Technology Modernisation business case and progressing to procurement. The Board has also strengthened performance oversight and public reporting to ensure greater transparency and accountability.

This work is helping build a more efficient, sustainable organisation that is better equipped to meet the needs of customers, communities and taxpayers over the long term.

Investing for the future

Alongside improvements in tenancy services and organisational performance, Kāinga Ora continued to invest in the future through its housing renewal and urban development programmes. Housing delivery remained aligned with Government priorities, while investment focused on improving the quality and longevity of our housing portfolio.

While challenges remain, including continued demand for social housing and the need to maintain financial sustainability, Kāinga Ora enters the next phase with a clearer sense of direction and confidence in the path ahead. The Board remains committed to delivering value for taxpayers while continuing to provide quality homes and helping communities across New Zealand to thrive.

Acknowledgements

We would like to acknowledge the dedication and professionalism of Kāinga Ora staff across Aotearoa New Zealand. Throughout a period of significant change, they have remained focused on supporting customers, delivering services and improving the organisation's performance.

We would also like to thank our customers, iwi and Māori partners, community housing providers (CHPs), local government partners, government agencies and other stakeholders for their ongoing support and engagement. Strong partnerships are essential to achieving better housing outcomes and building stronger communities, and we value the role each of these groups plays in that work.

Looking ahead

Kāinga Ora has undergone significant change over the past 2 years. While there is still work ahead of us, the organisation is now operating with a clearer focus, stronger discipline and greater accountability. The progress made during 2025/26 has established a strong platform for the future.

The Board remains committed to ensuring Kāinga Ora delivers safe, secure and suitable homes, makes the best use of public resources and creates lasting value for customers, communities and taxpayers. We are confident that the work underway is helping build a stronger and more sustainable organisation for the years ahead.



Simon Moutter
Chair

29 September 2026



Jenn Bestwick
Deputy Chair

29 September 2026

Kupu whakataki



Simon Moutter
KĀINGA ORA CHAIR

Ka whakarato a Kāinga Ora i ōna kāinga ki ngā tāngata o Aotearoa 200,000 neke atu, mā tōna kāpuinga whare, āhua 78,000 te maha.

He tau kokenga whakamua, he tau panonitanga

Ko te tau 2025/26 he tohuwhenua hira mō Kāinga Ora. I kitea i konei te whakaotinga o tētahi whakahoutanga nui mō te whakahaere, me te huringa ki tētahi huarahi hou, i a mātou e whakaumu nei i te āhua o tā mātou mahi. Nā te noho mai o ngā whakaarotau mārama kē atu, me ngā tūāpapa pakari kē atu, kua arotahi mātou ki te mahi nui a Kāinga Ora, he noho hei kaiwhakarato whare pāpori mō Aotearoa, mō ngā tau tini kei mua i te aroaro.

Ka whakarato a Kāinga Ora i ōna kāinga ki ngā tāngata o Aotearoa 200,000 neke atu, mā tōna kāpuinga whare, āhua 78,000 te maha. E tautoko ana hoki mātou i te whanaketanga tāone e tupu ake ai he hapori kaha kē atu, me ngā putanga whare mō te tangata me te whānau. E tutuki ai ēnei haepapa me mātua whakatū tika mātou i ngā putanga pāpori, i te toitū ahumoni me te tautiaki tika i ngā rawa tūmatanui.

Mai rā anō he mārama tonu ngā tūmanako a te Kāwanatanga: he whakahoki i te toitū ahumoni, he whakapiki i te pai o ngā mahi, he whakaheke i ngā utu hanga, whakahaere hoki, te whakapai ake i te whakamahinga o ngā rawa whare me te hora ratonga mā ngā kiritaki me ngā kaiutu tāke i runga i te kakama. I roto i tēnei tau, i aro nui anō te Poari ki ēnei whakaarotau, me te ū o te titiro ki te kaupapa tino nui; te hora whare haumaru, whare ita, whare pūmau hoki mō te hunga e tino mate whare ana.

Ka nui tō mātou hari mō te kokenga whakamua i roto i te tau ka hipa ake nei. Ahakoa he tini tonu ngā mahi kei mua, ka noho ngā mahi i oti i roto i te tau 2025/26 hei pūhara pakari mō ngā rā kei mua i te aroaro.

Te whakatinana i ngā whakaarotau a te Kāwanatanga

I a ia e whakapakari ana i tōna tūnga ahumoni, me te whakapiki i te pai o ana mahi o ia rā, e aronui tonu ana a Kāinga Ora ki te horanga whare kounga tiketike mō ngā hapori o Aotearoa. I roto i te tau, i horaina e mātou ētahi whare hou, whare whakatika whakamuri rānei 2,136, ā, i haere tonu tā mātou haumi ki te whakahoutanga me te whakatikanga o tā mātou kāpuinga whare kia pai ake ai te tutukinga hiahia o ngā kiritaki o nāianei, o ngā rā kei mua hoki. I kitea hoki e mātou ētahi ahunga whakamua hira i te whakapikinga ratonga purutanga whare rēti, me te tautokoranga putanga takatika mō te hunga noho i ō mātou whare.

I heke ngā rēti tōmuri a te hunga rēti mā te $3.7 miriona ki te $3.2 miriona, i hohoro kē atu te whakatatūnga putanga whanonga tutū, ā, i puta he whakatau i roto i te 15 rā mō te 99 ōrau o ngā āhuatanga, me te piki o te harikoa kiritaki mō ngā ratonga torowhānui ki te 85 ōrau.

I tutuki i a mātou ngā whakaritenga o tā mātou Tauākī Whāinga Whakatutuki (SPE), ā, ki te titiro atu ka whano tēnei ka tutuki ngā ūnga o tā mātou Tauākī Whakamaunga Atu (SOI), hei whakaata tēnei i tō mātou āhei ki te hora ratonga urupare, whai hua hoki mā ngā kiritaki, me te whakatū tika i ngā hiahia hapori whānui kē atu me ngā whakaarotau a te Kāwanatanga.

Mai te tautuhi anō ki te whakaumu

I noho te whakaotinga o te Mahere Tautuhi Anō i te marama o Tīhema 2025 hei tohuwhenua nui mō te whakahaere. I whakahāngai anō te Mahere i a Kāinga Ora ki runga tonu i tōna kaupapa ake, ā, i whakatūngia hoki ōna kahupapa mō te pikinga o te kounga o ngā mahi me te toitū ahumoni. E mihi ana mātou ki ngā mahi hautū a te Tumu Whakarae o mua, a Matt Crockett i te whakatinanatanga o te Mahere Tautuhi Anō, me tana whakamau i te ihu o te waka o Kāinga Ora ki ngā ara e tū pakari ai te whakahaere hei raurangi.

I roto i te tau, i horaina e mātou ētahi kāinga noho hou me ētahi kua whakatikaina whakamuritia 2,136, me te haere tonu o tā mātou haumi ki te whakahoutanga me te whakatikanga o ō mātou kāpuinga whare, kia pai ake ai te whakatutuki i ngā hiahia o ngā kiritaki o nāianei, o āpopō anō hoki.

Kua oti ēnei mahi, kua koke whakamua a Kāinga Ora ki te wāhanga whai i muri o tana mahere whakaumu, i raro i te mana ārahi o te Tumu Whakarae hou, o Tracey Taylor. Kua arotahi kē mātou ki te whakahoutanga o ngā pūnaha, te whakangāwaritanga o ngā hātepe pakihi, te whakapakari ritenga whakahaere, me te hanga pūmanawa puta noa i te hinonga.

He tino pai te kokenga whakamua i roto i te tau, me kōrero rā te tautoko mai a te Kāwanatanga mō tā mātou kaupapa pakihi Whakahou Hangarau, me te ahunga atu ki te hokonga i ēnei rawa. Kua whakapakaritia hoki e te Poari ōna tirohanga urungi ki runga i ngā mahi, me tana whakapūrongo tūmatanui, kia pūataata kē atu, kia kaha ake hoki te kawenga haepapa.

Hei hanga ēnei mahi i tētahi hinonga kakama kē atu, toitū hoki, kua tika tōna aukaha mō te whakatutuki i ngā hiahia o ngā kiritaki, o ngā hapori me te hunga utu tāke i roto i ngā tau.

Te haumi mō ngā rā e tū mai nei

I tua atu i ngā whakapainga ake o āna ratonga kairēti me te pai o ngā mahi a te hinonga, i haere tonu te haumi a Kāinga Ora ki ngā rā kei mua mā roto i ana hōtaka whakahou whare, whakawhanake tāone hoki. I hāngai tonu te horanga whare ki runga i ngā whakaarotau a te Kāwanatanga, ā, i arotahi tonu te haumitanga ki runga i te whakapikinga i te kounga me te oranga roa o tō mātou kāpuinga whare.

Ahakoa ngā wero kei mua tonu i te aroaro, ko te hiahia tonu a te tangata ki ngā whare pāpori tērā, ko te hiahia kia toitū te taha moni tērā, ka takahi a Kāinga Ora i te ara kei mua me te mārama ki tōna huarahi, me tana māia ki te whai i te whakamaunga ihu waka kua oti te whakarite. E ū tonu ana te Poari ki te hora painga mō ngā kaiutu tāke, me te hora tonu i ngā kāinga whai kounga, me te āwhina hapori puta noa i Aotearoa.

Ngā whakamoemiti

Me mihi rā mātou ki te tapatahi me te ngaiotanga o ngā kaimahi o Kāinga Ora puta noa i Aotearoa. I roto i tēnei wā panoni nui, i arotahi tonu rātou ki te tautoko i ngā kiritaki, ki te hora ratonga me te whakapiki i te pai o ngā mahi a te hinonga.

Me mihi hoki mātou ki ā mātou kiritaki, ki ngā iwi, ki ngā hoa patui Māori, ki ngā kaihora whare i te hapori (CHP), ki ngā hoa patui kāwanatanga ā-rohe, ki ngā hinonga kāwanatanga, me ētahi atu kaipupuru pānga mō rātou i tautoko tonu mai, i pipiri tonu mai i roto i ngā mahi. He mea taketake ngā patuitanga mō te eke ki ngā taumata whāinga whare e tika ana, mō te hanga hapori pakari, ā, he mea tino nui ki a mātou ngā mahi a ēnei rōpū i roto i taua mahi.

Te titiro whakamua

Kua tino panoni a Kāinga Ora i roto i ngā tau e 2 ka hipa ake nei. Ahakoa he mahi tonu kei mua i a tātou kei te haere te whakahaere me tana arotahi mārama kē atu, ana tikanga mahi pakari kē atu, me te nuinga atu o te noho haepapa. Nā te kokenga whakamua i roto i te tau 2025/26 kua takoto he kahupapa pakari kē atu mō ngā rā kei mua.

E ū tonu ana te Poari ki te whakarite tikanga e hora ai a Kāinga Ora i ngā whare haumaru, whare ita, whare pūmau hoki, e tino pai ai tana whakamahi i ngā rawa tūmatanui, me te waihanga painga toitū mō ngā kiritaki, ngā hapori me ngā kaiutu tāke. Tēnei mātou te kī atu nei ki te motu, hei hanga ngā mahi o nāianei i tētahi whakahaere pakari kē atu, toitū kē atu mō ngā tau kei mua.

Simon Moutter
Chair

29 September 2026

Jenn Bestwick
Deputy Chair

29 September 2026

Who we are | Ko wai mā mātou

Our vision

Our vision to **build better, brighter homes, communities and lives for all New Zealanders** was created with input from our people, customers and partners.

At Kāinga Ora, we understand that a house means more than a roof over someone's head. We recognise that kāinga represent the hopes and dreams of whānau – an essential foundation for lives, families and thriving communities.



Our role

We are the largest tenancy services provider in New Zealand and a large asset manager responsible for maintaining a portfolio of 77,800–78,800 homes, providing housing for over 200,000 customers who live in our homes.

Our portfolio includes almost 4,000 supported housing homes, which are leased to organisations who provide accommodation and tailored support for people with intellectual or physical disabilities, those experiencing mental health challenges, people at risk of homelessness, survivors of family violence, people reintegrating into the community after imprisonment and others with complex housing needs. A further 900 homes have been leased since 2020 by Te Āhuru Mōwai, the community housing arm of Ngāti Toa in Porirua.

We are also responsible for the delivery of large-scale projects (LSPs) in Auckland and Eastern Porirua. In collaboration with local councils, these large-scale urban regeneration projects have been refocused on renewing ageing social housing stock, addressing climate and infrastructure challenges and ensuring the social housing portfolio reflects current and future demand. While social housing renewal is the primary focus, the LSPs will continue to support market housing development where it complements social housing outcomes and delivers broader community benefits.

Our values and our characteristics

Our values and characteristics unite us as an organisation, guiding how we achieve housing outcomes. They are the foundations on which our work is built – they help us make the right decisions and anchor how we work daily.

Ō tātou uara – our organisational values

Our values, Manaakitanga, Mahi Tahi and Whanake, were created for us, by us. They guide the behaviours, expectations and ways of working that support a high-performing culture.



Our organisational characteristics

Our characteristics are the foundations our work is built upon. Alongside our internal priorities, they help us make the right decisions and anchor the ways we will work every day.

- **Strategy driven:** Our decisions are fact based, commercially sound and aligned with our long-term goals.
- **High-performing people, inspiring culture:** Our people deliver excellent results with confidence, empowered by a culture that inspires and facilitates success.
- **Operational excellence:** We are relentlessly focused on delivering smart solutions that create lasting value for the people we serve.

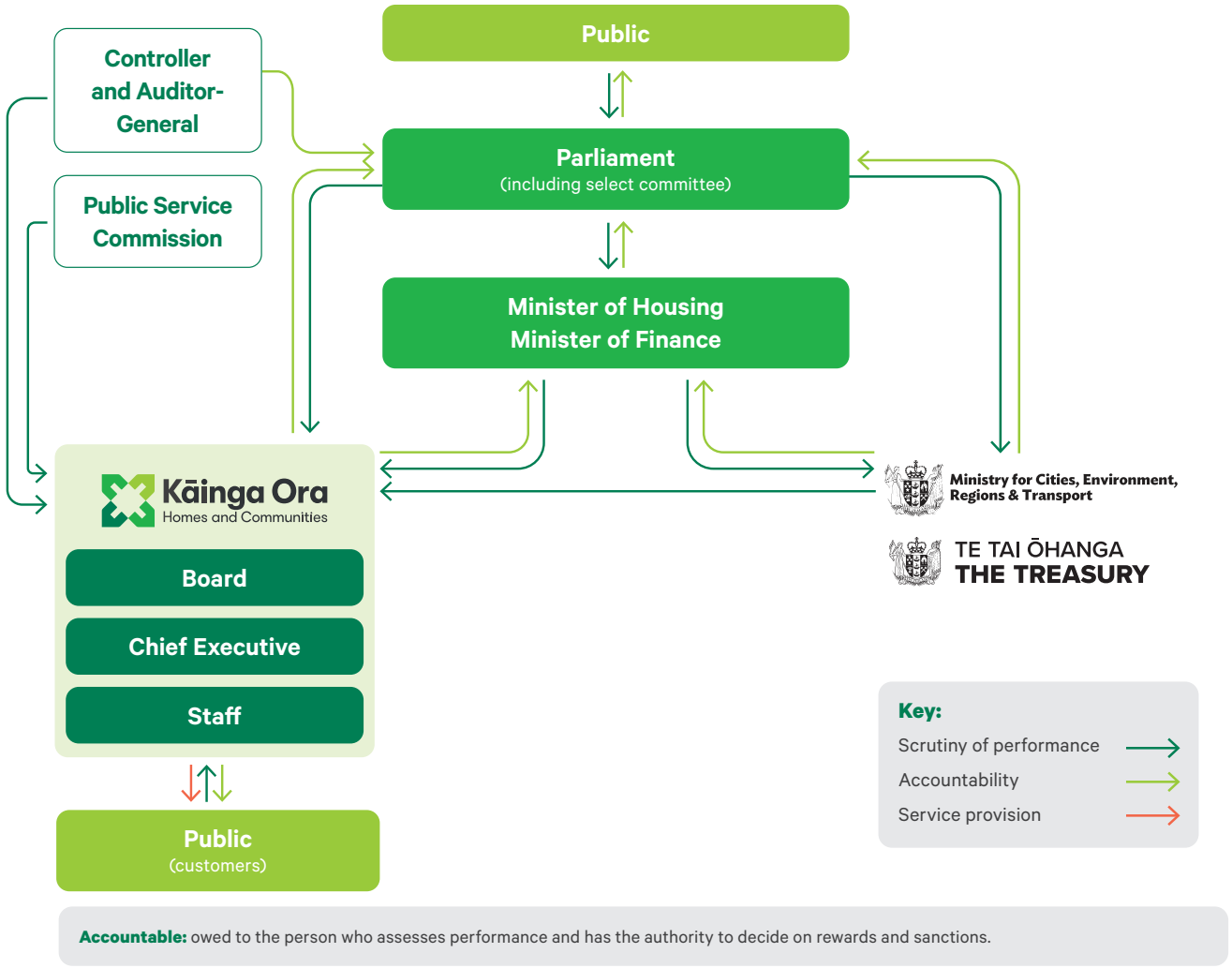
Our organisation

Kāinga Ora was established on 1 October 2019 (by the Kāinga Ora–Homes and Communities Act 2019) as a Crown agent (under the Crown Entities Act 2004).

Our responsible Ministers are the Minister of Housing and Minister of Finance. Kāinga Ora is monitored by the Ministry for Cities, Environment, Regions and Transport (MCERT),[1] formerly the Ministry of Housing and Urban Development, and the Treasury.

We are governed by a Board appointed by our responsible Ministers. As a Crown agent, Kāinga Ora must give effect to Government policy when directed by the Minister of Housing and give effect to directions to support the whole-of-government approach made by the Minister for the Public Service and Minister of Finance.

Figure 1: Kāinga Ora accountability and governance arrangements



1. Established 1 July 2026.

Legislation driving our work

The Kāinga Ora – Homes and Communities Act 2019 and Urban Development Act 2020 set out the key functions of Kāinga Ora and the operating principles to follow when carrying out those functions.

Our legislation	Enables us to:
• Crown Entities Act 2004 • Kāinga Ora – Homes and Communities Act 2019 • Urban Development Act 2020 • Residential Tenancies Act 1986 • Public and Community Housing Management Act 1992	• Allocate and rent social housing properties to people who need them most, based on income-related rent • Provide tenancy services and act as a responsible landlord • Maintain and manage existing social housing • Build, acquire and redevelop social housing • Lease properties to other housing providers • Facilitate urban development (including selection and assessing of potential Specified Development Projects and land acquisition powers)

Who we collaborate with to deliver housing solutions

We maintain strong collaborative partnerships with a wide range of organisations to deliver social housing and support services across New Zealand. These partnerships help ensure housing solutions are effectively integrated with the support services that people need to thrive.

We work closely with the Ministry of Social Development (MSD), which plays a key role in the housing system by managing the Social Housing Register, assessing applicants' housing needs, determining priority levels and administering housing support products and emergency housing grants. We also partner with MCERT, which is responsible for housing policy, legislation and the funding of income-related rent subsidies.

Our collaboration extends across other government agencies, including the Ministry of Business, Innovation and Employment (MBIE), Whaikaha – Ministry of Disabled People, Oranga Tamariki, Department of Corrections and Ministry of Health. Through these partnerships, we contribute our operational expertise and customer insights to provide context to the Government on the practical implications of policy and regulatory changes on the people, whānau and communities we serve while ensuring we remain responsive to evolving Government priorities and system settings, including supporting work on the Review of Social Housing, Resource Management Act (RMA) reforms and Going for Housing Growth.

We also partner with local authorities to support community growth, infrastructure planning and the identification of current and future housing needs.

Our partnerships with Māori and iwi are central to supporting Māori housing aspirations and wellbeing.

Supporting Māori housing aspirations and our Tiriti o Waitangi commitments

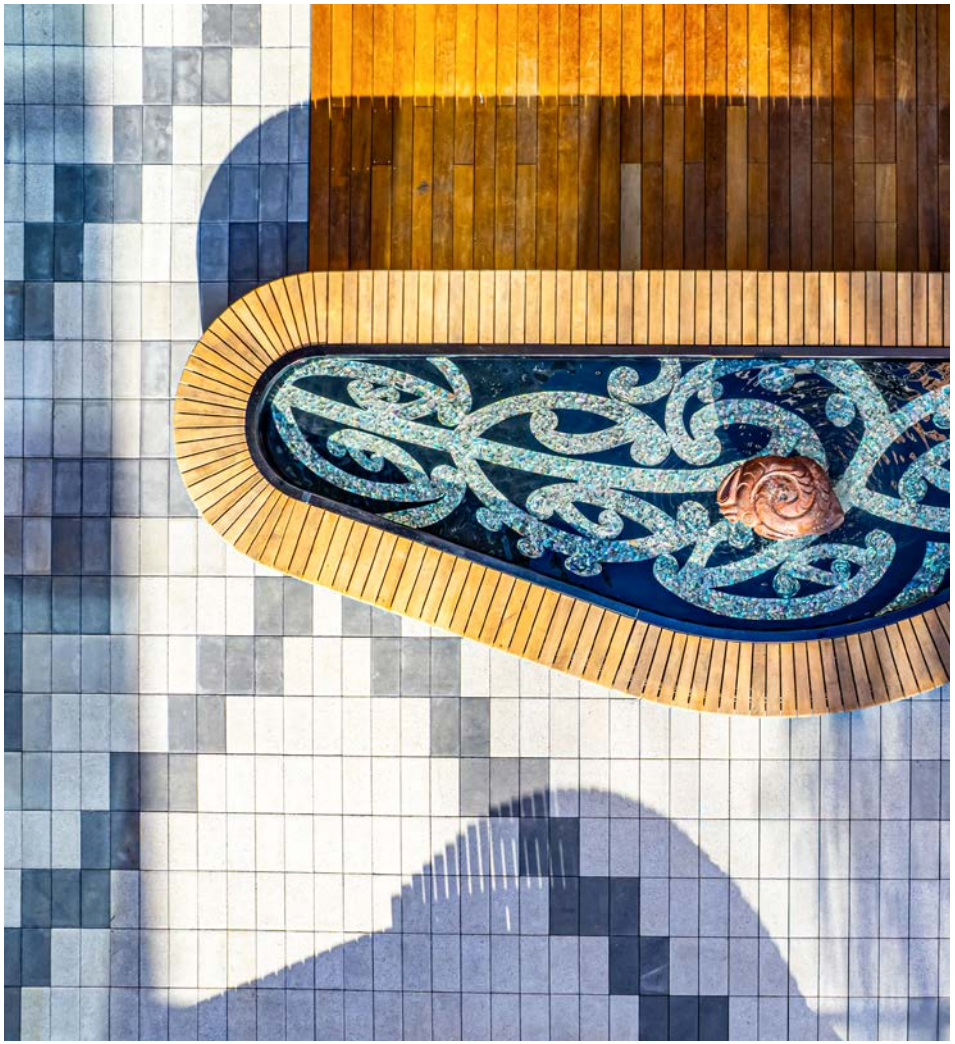
Kāinga Ora is committed to supporting the Crown in upholding its obligations under te Tiriti o Waitangi while helping to improve housing outcomes for Māori. This includes supporting Māori customers and whānau through improving access to affordable housing, enabling opportunities for housing development on Māori land and working with iwi, hapū and Māori organisations to support housing aspirations and community wellbeing.

We continued to meet our Treaty settlement obligations and support Crown-iwi relationships by maintaining right of first refusal processes, considering requests relating to settlement negotiations, reporting quarterly on Iwi-Crown Accord commitments to Te Puni Kōkiri as well as participating in Accord-related interagency working groups.

Kāinga Ora is represented at Iwi-Crown Accord forums and ministerial engagements, helping to strengthen relationships with iwi and government partners. These relationships support our understanding of Māori housing needs and aspirations and help ensure our services and programmes are responsive to the communities we serve.

Kāinga Ora has supported the implementation of MAIHI Ka Ora – the National Māori Housing Strategy since 2021. In 2025, MAIHI Ka Ora was incorporated into the Government Policy Statement on Housing and Urban Development (GPS-HUD), with delivery responsibility transferring to MCERT.

Looking ahead to 2026/27, a key focus will be strengthening coordination between MCERT, Kāinga Ora and Te Puni Kōkiri through a proposed interagency MAIHI work programme to support more connected delivery of Māori housing priorities.



Implementing the Government's priorities | Te whakatinana i ngā whakaarotau o Te Kāwanatanga

Responding to Government priorities

The Government's priorities for Kāinga Ora in 2025/26 were clear and consistent: restoring financial sustainability, refocusing the organisation on its core role as a social housing landlord, improving operational performance and reducing build and operating costs while optimising the housing portfolio.

In response, the Board and management focused on delivering these priorities through practical improvements across the organisation. Significant progress was made in reducing build and operating costs, strengthening financial sustainability and advancing the renewals and retrofit programmes to ensure homes remain fit for purpose for current and future customers.

At the same time, we continued to strengthen our approach to tenancy management, taking a firm but fair stance to rental arrears and anti-social behaviour, while improving customer satisfaction and service delivery.

These results reflect the benefits of a stronger operating model, improved ways of working and enhanced organisational capability, delivering greater efficiency, accountability and performance. Together, these improvements are strengthening performance disciplines, accountability and organisational focus, supporting the delivery of sustainable outcomes for customers, communities and taxpayers.



From reset to transformation: embedding sustainable change

Over the past 2 years, Kāinga Ora has undertaken substantial change to bring its focus back to its core role as a social housing provider and restore financial sustainability.

The Reset Plan, announced by the Minister of Housing in February 2025, established a clear framework for strengthening performance, improving value for money and reinforcing stewardship of one of New Zealand's most significant public assets. Throughout 2025/26, the Board focused on ensuring these improvements were embedded across the organisation, positioning Kāinga Ora for long-term success.

The Reset Plan was completed in December 2025, delivering improvements in financial sustainability, organisational performance and our ability to fulfil our role as New Zealand's largest social housing landlord.

While completion of the Reset Plan marked a significant milestone, attention is now focused on consolidating and building on the achievements to date. This continued focus will support sustained performance improvement and help ensure Kāinga Ora remains financially resilient, operationally effective and well positioned to respond to future opportunities and challenges.

Our Technology Modernisation Programme will play a critical role in enabling and sustaining this next phase of transformation. Further detail on this programme of work can be found in the Objective 4 section of the report from page 47.



Financial performance overview | Tirowhānui tutukinga ahumoni

Our financial performance

Net surplus / (deficit) before tax
($140m) | $283m better than budget

EBITDA*
$1,034m | $173m better than budget

Total revenue
$2,598m | $177m lower than budget

Total expenditure (before Other gains/(losses)
$2,579m | $447m better than budget

Repairs and maintenance
$389m | $87m better than budget

Our capital investment programmes

Investing in new homes
$955m
Delivering 1,641 new homes

Investing in the renewal of old homes
$80m
495 retrofitted homes

Investing in improving the quality of our existing portfolio
$86m

Investing in urban development and infrastructure for housing
$208m

* EBITDA represents earnings before interest, taxes, depreciation and amortisation.

Trends in our financial and operational performance |
Ngā ia i roto i ā mātou mahi ahumoni, mahi o ia rā anō hoki

Figure 2: Breakdown of total operating revenue excluding interest revenue

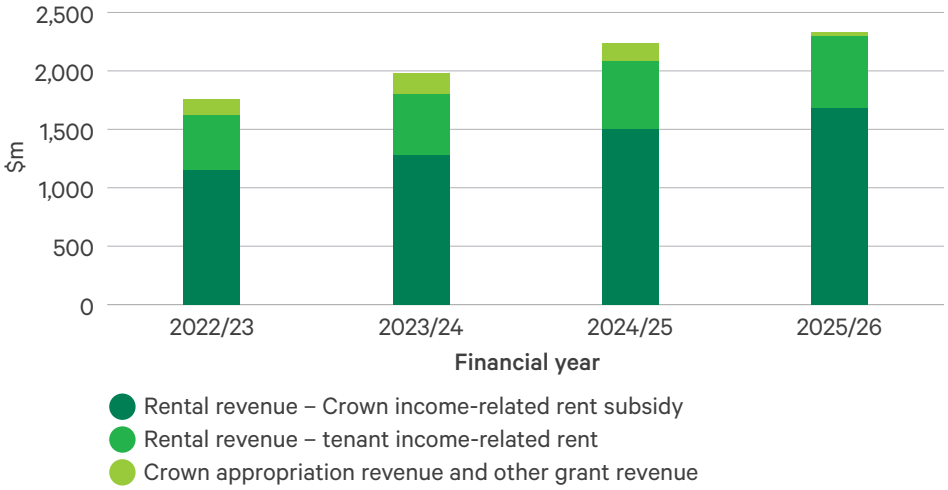


Figure 3: Earnings before interest, taxes, depreciation and amortisation

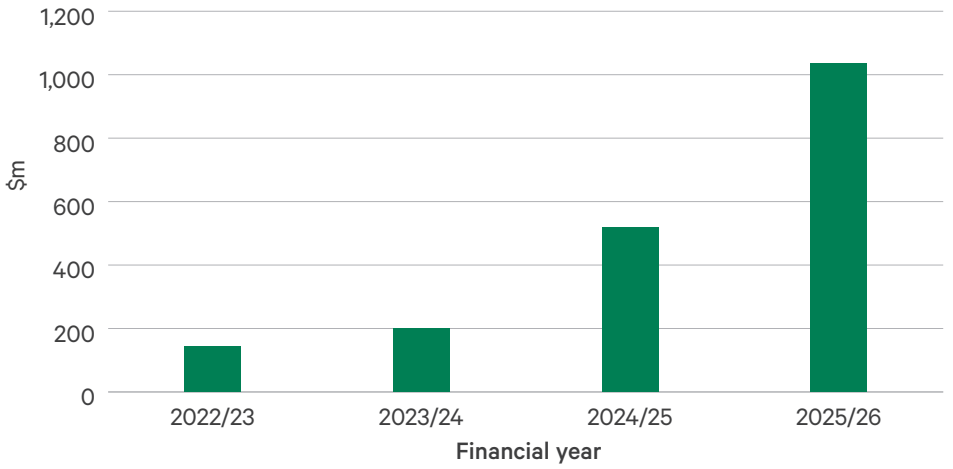


Figure 4: Breakdown of total operating expenses

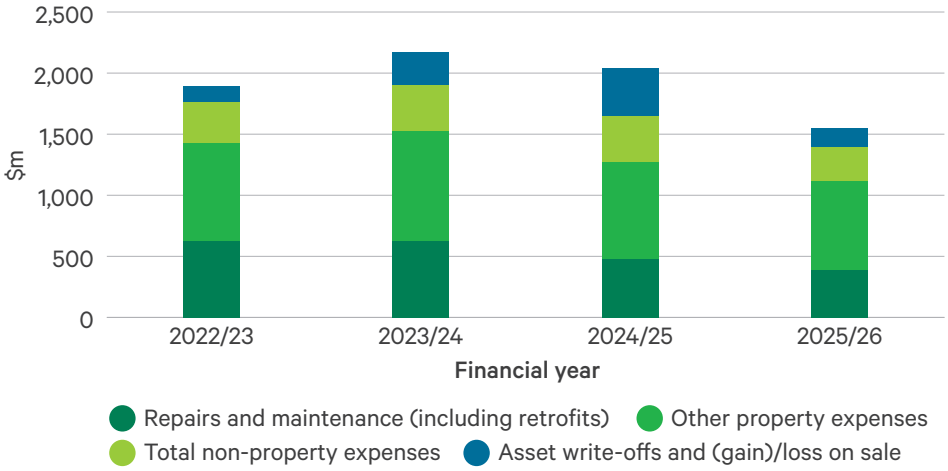


Figure 5: Net operating surplus/deficit before tax

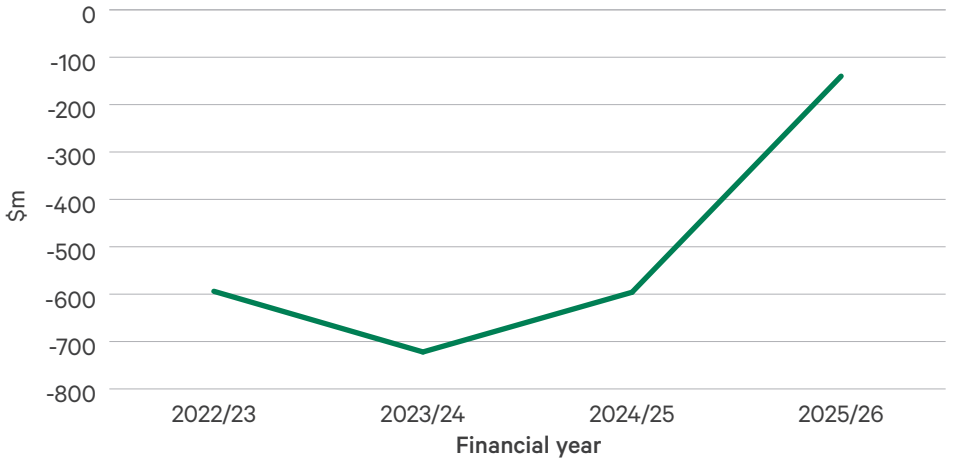


Figure 6: Current rental arrears and number of tenants in arrears

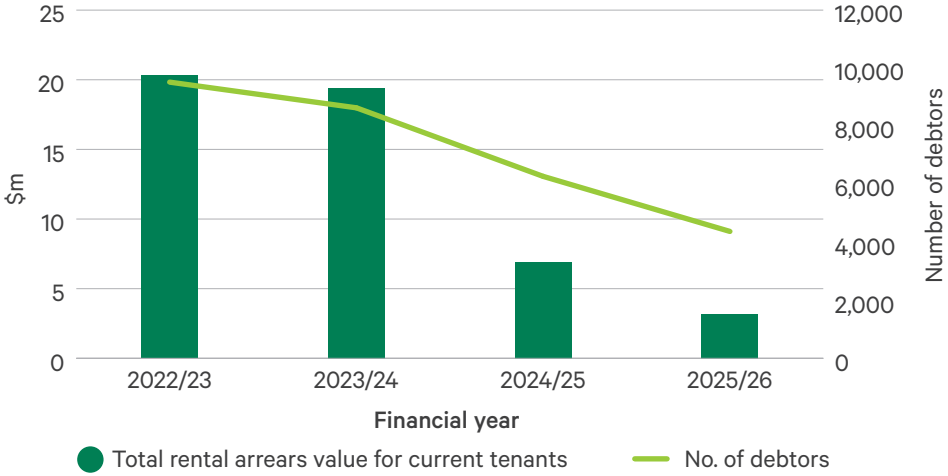


Figure 7: Average number of days from a home becoming vacant to let

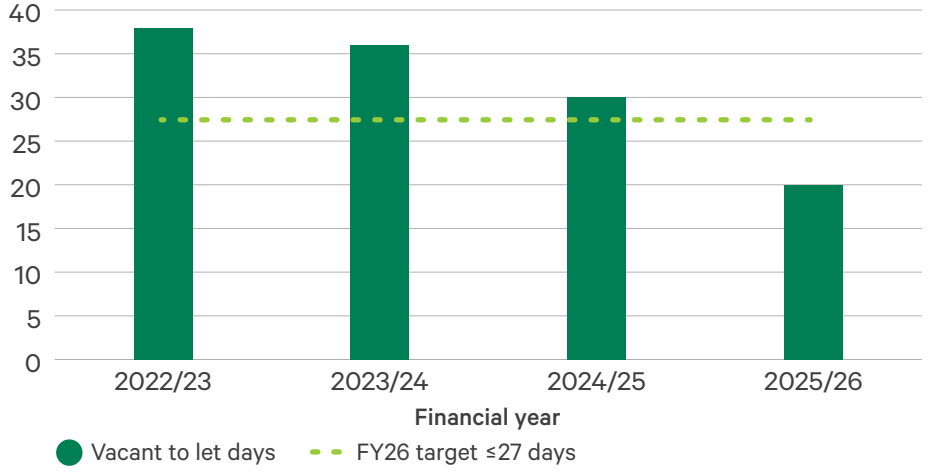


Figure 8: Social housing portfolio utilisation

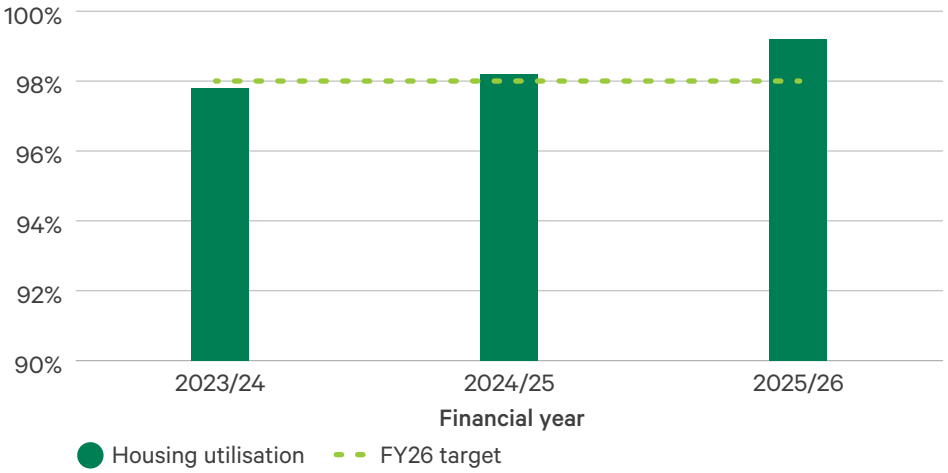
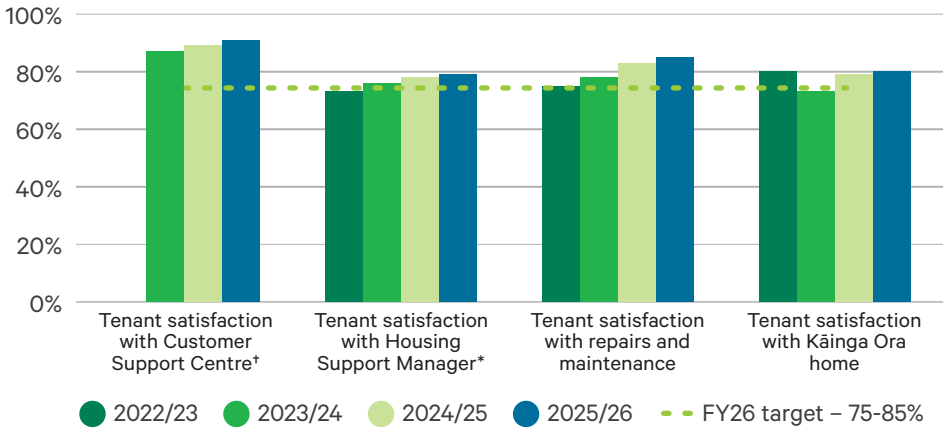


Figure 9: Tenant satisfaction results with our homes and services



† Data unavailable for 2022/23 year.

* Current survey methodology can only provide results for 2024/25 and 2025/26. Results for 2023/24 are represented by the corresponding survey question from the prior survey methodology.

Delivering on our vision and strategic objectives | Te whakatutuki i tā mātou matakite me ngā whāinga rautaki

The four strategic objectives outlined in our SOI 2025/26–2028/29 provide the framework for this Annual Report. Together, they reflect the evolving direction of Kāinga Ora and our commitment to delivering the Government's priorities in a more focused and targeted way.

The table below provides a guide to where readers can find detailed performance results for 2025/26 within this report.

Our SOI 2025/26–2028/29	For performance information relating to our SOI 2025/26–2028/29, please see pages 24, 29, 34 and 48.
Our SPE 2025/26 results	For performance information relating to our SPE 2025/26, please see page 50.
Estimates of Appropriations measure results	For Vote Housing and Urban Development Estimates of Appropriations, please see page 79.

Throughout this report, we use the term 'customer' to refer to the people and whānau who live in our homes and access our services. The term 'tenant' continues to be used when referring specifically to tenancy matters and within our strategic objectives to maintain alignment with the terminology used in our SOI and SPE.

Our four strategic objectives outline what we will do to realise our core mission and achieve our vision for the future. Our strategic objectives are as follows:

- We will adapt to the changing needs of our tenants by refining our tenancy service model.
- We will enhance the condition and utilisation of our homes.
- We will respond to tenant needs by actively reconfiguring and renewing our homes.
- We will be a reliably high-performing organisation.

Kāinga Ora's services are delivered through four output classes, which collectively represent the organisation's core activities and provide the framework for performance reporting. Progress against each output class is measured in the statement of performance section of the report on page 50. This section of the report also highlights the work undertaken during the year and shows how these activities contributed to fulfilling our strategic objectives. The objectives are mapped to the relevant output classes, with those shown in green in the circular diagram indicating a direct contribution.

Our strategic framework | Tā mātou anga rautaki

ACHIEVING OUR VISION FOR THE FUTURE

Building better, brighter homes, communities and lives.
He oranga kāinga, he oranga hapori, he oranga tāngata.

THROUGH OUR CORE MISSION

Delivering quality social housing by being a responsible landlord who looks after our homes and tenants and serves communities well.

Objectives

1. We will adapt to the changing needs of our tenants by refining our tenancy service model
2. We will enhance the condition and utilisation of our homes
3. We will respond to tenant needs by actively reconfiguring and renewing our homes
4. We will be a reliably high-performing organisation

Outputs

1. Delivering cost-effective tenancy services that meet the needs of our tenants
2. Renewing and maintaining our homes
3. Delivering our large-scale redevelopment projects
4. Supporting home-ownership initiatives for New Zealanders

OBJECTIVE 1

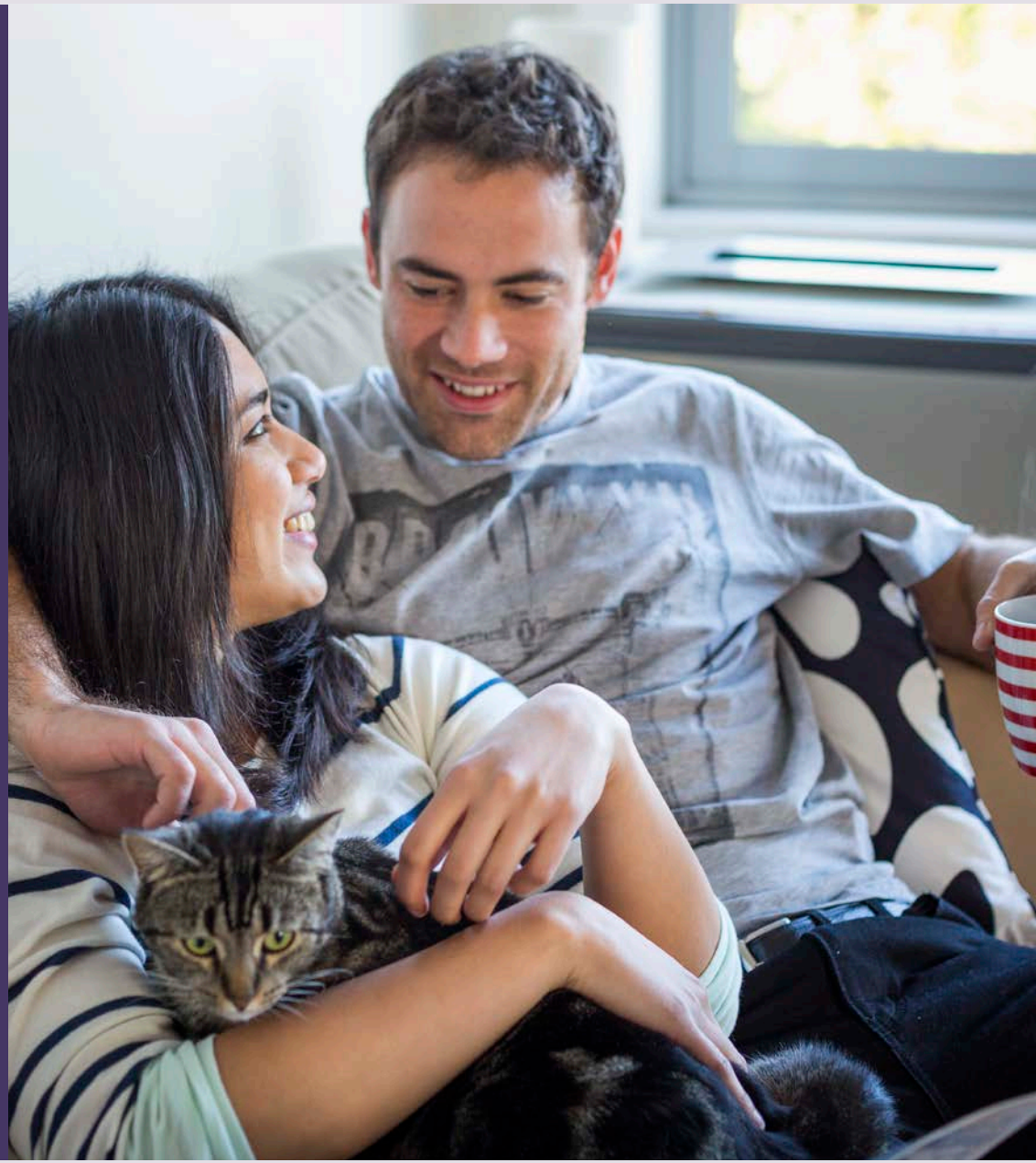
We will adapt to the changing needs of our tenants by refining our tenancy service model

This means that we will deliver tenancy services in the most efficient way possible to meet the changing needs of our customers, now and into the future.

As a social housing landlord, we take a firm but fair approach to managing disruptive behaviour and rental debt, and we aim to support our customers when they are in need.

Link to output classes

1. Delivering cost-effective tenancy services that meet the needs of our tenants
2. Renewing and maintaining our homes
3. Delivering our large-scale redevelopment projects
4. Supporting home-ownership initiatives for New Zealanders



Drivers for change

Our large and evolving customer base has a diverse range of needs for our homes and services. While some individuals face significant life challenges, others require minimal tenancy support to live well in their homes. We must adapt our services to reflect this diversity. We need to target our funded resources more efficiently and effectively to achieve stable tenancies and the best possible outcomes for our customers. This includes acting quickly to manage disruptive behaviour and reduce impacts on neighbours and the wider community. We also need to work across the social services sector to connect our customers to the external support services they may need to sustain their tenancies.

How we measure success

SOI ref:	Baseline	SOI measure	Our influence	Actual 2025/26	4-year target 2028/29	Status
1.1	82% (based on 2024/25 forecast)	Percentage of tenants satisfied with our services[2]	 Medium	85%	75–85%	
Why this matters: This measure is an important indicator of the effectiveness of our tenancy and maintenance services.						
1.2	73% (based on 2023/24 actuals)	Percentage of tenants satisfied with their Kāinga Ora home	 Medium	80%	75–85%	
Why this matters: This offers an insight into the quality and suitability of our housing stock for tenants.						

2. This measure reflects tenants' overall satisfaction with the Customer Support Centre, Housing Support Manager and maintenance services.

Summary of our performance in 2025/26

In 2025/26, Kāinga Ora continued to evolve its tenancy model to better meet the changing needs of its customers. As customer needs become increasingly diverse and complex, the organisation has focused on delivering a segmented service delivery approach, proactive and responsive tenancy services that support successful tenancies, stronger communities and better long-term outcomes. The progress achieved during the year demonstrates the value of a continued focus on early intervention, stronger partnerships and improved service delivery.

WHAT WENT WELL

During the year, the continued maturity of our tenancy service model delivered measurable improvements for customers, communities and the organisation.

Customer experience remained a key area of progress, with our Customer Support Centres achieving a 91 percent customer satisfaction rating while supporting more than 549,000 customer interactions during the year. These results reflect ongoing investment in service quality and our commitment to providing customers with responsive and accessible support.

The improvements achieved in managing disruptive behaviour during the previous year were maintained, with both reported and resolved serious incidents averaging approximately 1,200 per quarter compared to around 1,500 per quarter in 2024/25. This sustained reduction demonstrates the effectiveness of a more proactive and consistent approach to tenancy management, early intervention and issue resolution.

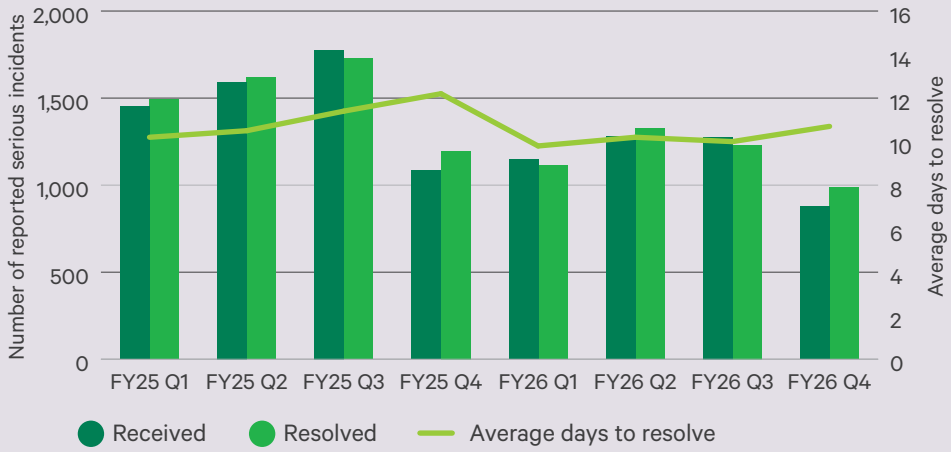
Our performance in responding to serious incidents remained strong, with frontline teams determining an appropriate course of action within 15 business days in 99 percent of cases, significantly exceeding the SPE 1.5 target of 90 percent. This contributed to safer living environments for customers and greater confidence among communities that concerns are addressed promptly and appropriately.

We continue to make use of section 55A notices under the Residential Tenancies Act, which formally warn customers that their behaviour is putting their tenancy at risk. Over the past 12 months, we issued 1,947 section 55A notices, a 10 percent increase on the 1,777 notices issued in the previous financial year.

Over the past year, 76 tenancy transfers occurred to resolve disruptive behaviour, with most transfers achieved through agreement with the tenant. A new home often provides customers with an opportunity to make a fresh start and establish more positive tenancy outcomes.

We also continued to end tenancies in response to serious or persistent behaviour issues. During 2025/26, 73 tenancies were terminated following Tenancy Tribunal orders related to disruptive behaviour, consistent with the 74 terminated in the previous year, which was less than 0.2 percent of our total tenancies. The percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour (SPE 1.6) was 92 percent compared to the ≥85 percent target.

Figure 10: Reported serious incidents of disruptive tenant behaviour



In 2025/26, the average number of new and resolved incidents was approximately 1,200 per quarter, compared with around 1,500 per quarter in the previous year. This reduction reflects improvements in incident management and resolution processes.

Building on the progress made in in 2024/25, during 2025/26, we made substantial progress in reducing rental arrears, with a 50 percent reduction in rental arrears from current customers, reducing from $6.9 million in June 2025 to $3.2 million in June 2026. This achievement reflects a sustained focus on early engagement, effective tenancy support and clearer accountability mechanisms. The result benefits customers by helping them continue successful tenancies while allowing Kāinga Ora to redirect resources towards maintaining and improving homes.

Collectively, these outcomes demonstrate continued progress towards a tenancy system that supports customers to succeed, enables safer and more stable communities and supports the long-term sustainability of our social housing services.

Table 1: Rental arrears for current tenants

	30 June 2023	30 June 2024	30 June 2025	30 June 2026
Number of tenants in arrears	9,518	8,633	6,270	4,373
Value of rent arrears	$20.3 million	$19.4 million	$6.9 million	$3.2 million
Annual change in the number of tenants in arrears		(885)	(2,363)	(1,897)
Annual change in the value of rent arrears		($0.9 million)	($12.5 million)[3]	($3.7 million)

WHAT WE LEARNED

The past year reinforced the importance of delivering services that reflect the differing needs and circumstances of our customers. As the complexity of customer needs continues to increase, a more segmented approach to tenancy services is required, ensuring that customers receive the level and type of support most appropriate to their circumstances. Our experience also reaffirmed the value of early intervention and strong partnerships with social services providers and community agencies in achieving positive tenancy outcomes.

We continued to refine our approach to balancing support with accountability. Supporting customers experiencing challenging circumstances while meeting our responsibilities as a social housing landlord requires careful judgement, consistent decision making and a focus on the wellbeing of both individual customers and the wider community. Maintaining this balance remains central to effective tenancy management.

LOOKING AHEAD

The experiences gained during 2025/26 reinforced the importance of a modern tenancy service model founded on consistent, standardised practices and reliable service delivery nationwide. In the year ahead, we will continue to evolve our Tenancy Operating Model by improving integration across tenancy management functions and embedding greater consistency in how services are delivered. This will enable more equitable outcomes for customers while ensuring we remain responsive to individual circumstances and changing needs.

We will also continue to expand our digital and multi-channel communication options as part of our broader organisational change strategy. Digital engagement is becoming an increasingly important way for keeping customers informed and supporting their interaction with us. These channels will complement our existing phone and face-to-face services, ensuring customers can engage with Kāinga Ora in the ways that best meet their needs.

3. In 2024/25, approximately 1,500 current tenants with rent arrears received a reduction in their arrears through the debt forgiveness initiative. This resulted in a total one-off reduction in arrears of around $7.2 million and reset debt to more manageable levels for these tenants.

CASE STUDY

Housing stability changing lives

For parents Lance and Anna, receiving the call to move in to a Kāinga Ora home marked the end of years of uncertainty.



> "We enjoyed time together without the stress of wondering where we'd be living the following week."

After tough periods in emergency housing, transitional housing, motels and even nights spent in their car, the family of five finally moved in to a new three-bedroom home in Napier. "Before that, the hardest part was not knowing how long we'd be there or where we'd go next," Anna says. "The kids never set up their rooms because they knew we'd have to move again."

The move gave the family the security they had been missing for years. The kids have their own rooms, space to play outside and friends nearby. "They were stoked. I keep reminding them you can unpack your bags. We don't have to move again," Lance says.

Their experience demonstrates the impact that stable and secure housing can have on health and wellbeing. Stress levels have dropped, and the family can finally focus on the future: finding work, getting a car and enjoying the simple things.

Christmas was special. "Watching the kids walk down the stairs and see that Santa had been there was just like when I was a kid," Anna says. "We enjoyed time together without the stress of wondering where we'd be living the following week."

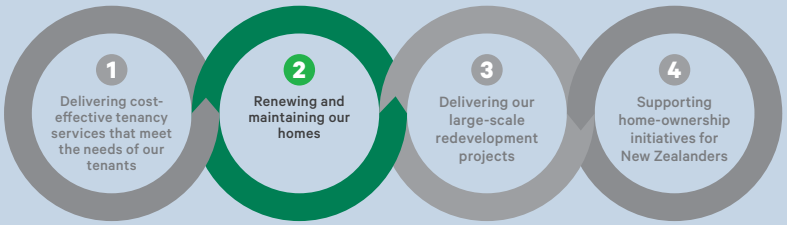
For families like Lance and Anna's, having the right home at the right time can be life-changing. By matching customers with homes that meet their needs and focusing support where it can make the greatest difference, Kāinga Ora is helping people establish stable tenancies, improve their wellbeing and build stronger foundations for the future.

OBJECTIVE 2

We will enhance the condition and utilisation of our homes

This is about maintaining our homes to healthy standards to ensure good outcomes for our customers and making financially sound, whole-of-life decisions on how we maintain each asset. We are focused on enhancing our data and systems to support taking a more standardised approach, improving the targeting of our planned maintenance programmes and ensuring our land is optimally utilised and vacant homes are readily available to new customers by completing maintenance works efficiently.

Link to output classes





Drivers for change

A significant proportion of our homes are ageing, becoming more costly for us to maintain. To respond to this, we need to take a more strategic and evidence-based approach to maintaining and renewing these homes and strengthen our asset condition data to better inform decision making. This will also help us reduce the time it takes to re-let properties when they become vacant, making more homes available for people that need them. Together, these challenges are driving us to shift how we invest in and manage our housing assets to support better long-term outcomes for customers, communities and taxpayers.

How we measure success

SOI ref:	Baseline	SOI measure	Our influence	Actual 2025/26	4-year target 2028/29	Status
2.1	94.9% (based on 2023/24 actuals)	Proportion of housing stock that meets condition standards[4]	 High	94.6%	≥95.0%	
Why this matters: We endeavour to ensure that the physical condition of our housing stock meets an external standard of quality.						
2.2	96.8% (based on 2023/24 actuals)	Percentage of homes available to let	 High	98%	97.0–97.5%	
Why this matters: This measure shows how efficiently we manage and maintain our entire portfolio of social homes. It tracks the percentage of our total social housing stock that is ready for tenants. A high availability rate means we are returning homes to service faster, helping us meet housing need more quickly.						

Summary of our performance in 2025/26

During 2025/26, Kāinga Ora continued to significantly strengthen the performance of its maintenance and tenancy services, supporting improved access to housing through faster customer placement, better utilisation of housing stock, increased availability of homes, and improved customer experience while also delivering ongoing cost savings. These improvements have helped ensure more homes were available and ready for tenanting while maintaining a focus on their quality and the long-term stewardship of the housing portfolio.

We also progressed the establishment of maintenance operations centres, which will be implemented in 2026/27 to further standardise processes, better leverage technology and deliver more consistent, efficient and customer-focused maintenance services for customers.

WHAT WENT WELL

Returning our homes to service quickly

Performance improved significantly across key operational measures during the year. Our average vacant to let times reduced to 20.4 days – the best result we have ever achieved against this measure – down from 30.2 days in 2024/25 and remaining well within the SPE target of ≤27 days. This reflects a sustained uplift in organisational performance and demonstrates the benefits of a more coordinated and disciplined approach.

4. Kāinga Ora uses the New Zealand Asset Management Support (NAMS) asset condition scale. Each major component of a house is rated 1–5 where 1 is the highest score and 5 is the lowest. Where the average of the components is rated at less than 3.5, the house is deemed to meet baseline quality standard.

The improved coordination between maintenance, tenancy and placement functions has enabled homes to be returned to service more rapidly, increasing housing availability and supporting improved access to homes for people and their whānau.

Maintaining and making the best use of our homes

Kāinga Ora achieved exceptional levels of utilisation of its housing portfolio in 2025/26, with 99.2 percent of available social homes occupied throughout the year, exceeding the SPE target of 98 percent. This performance helped ensure that our social homes were being accessed by as many customers and their whānau as possible, providing safe, secure and suitable housing when they need it while ensuring our resources are used efficiently.

Reducing the number of unoccupied homes

Homes may be temporarily unoccupied for a range of reasons, including planned maintenance and renewal activity, major repairs, redevelopment programmes, lease expiries or because they are being prepared for new tenants. Actively managing these properties remains an important part of ensuring homes can be returned to service as quickly as possible.

The number of unoccupied social homes continued to decline during the year, driven by improved maintenance scheduling, faster turnaround of vacant properties and fewer homes removed from service due to quicker portfolio decision making.

As at 30 June, there were 1,969 unoccupied social homes (including homes being prepared for letting and those removed from service for renewal activity or sale), down 947 from the previous year and down 2,389 from 2 years ago. These improvements have strengthened portfolio performance and increased the number of homes available for tenanting, helping more New Zealanders access healthy, dry and fit-for-purpose homes.

Table 2: Vacant and out-of-service social homes

Category	June 2024	June 2025	June 2026	12-month change
Being made available to let (vacant)	**2,165**	**1,418**	**837**	**(581)**
Homes removed from service (long term)				
Major repair/retrofit process	960	642	431	(211)
Redevelopment/demolitions	941	230	238	8
Sale/lease expiries*	103	607	406	(201)
Total homes removed from service	**2,004**	**1,479**	**1,075**	**(404)**
Other	189	19	57	38
Total unoccupied homes	**4,358**	**2,916**	**1,969**	**(947)**

* The increase in this category was due to the launch of the Kāinga Ora national divestment programme in 2025, which focuses on divestment of older homes that are no longer fit for purpose and recycling this capital for new, healthy, dry homes. Homes in this category were higher in June 2025 as tenants were moved out ahead of their sale, with most of these homes sold during 2025/26.

WHAT WE HAVE LEARNED

During the year, we significantly strengthened our understanding of how maintenance decisions are made across the organisation and identified opportunities to improve consistency, transparency and customer outcomes.

Historically, different approaches to assessing maintenance requests have resulted in some variation in service delivery across regions. In response, we introduced a more consistent national framework for prioritising and managing maintenance activity. This approach helps ensure homes remain safe and well maintained, provides greater clarity for tenants about service expectations and supports more informed asset management decisions across the portfolio.

We also confirmed the importance of high-quality asset condition data in supporting timely investment decisions and maintaining the long-term quality and performance of our homes.

LOOKING AHEAD

Looking ahead, Kāinga Ora is transforming its maintenance services through the establishment of maintenance operations centres. These centres provide a simpler, nationally consistent operating model using maintenance specialists to create clear and consistent work orders so that the right trade turns up to the property prepared to do the work, first time.

A series of pilots designed simplified processes and tested new ways of working, providing confidence in the design of the maintenance operations centres. Supported by improved technology, standardised processes and quality assurance functions built into ways of working, the new operating model will strengthen our ability to respond more effectively and consistently to tenants and make better-informed asset management decisions.

The northern maintenance operations centre will be stood up in August 2026, servicing Auckland and Northland. The southern maintenance operations centre will be stood up in October 2026, serving the remainder of the country.

Overall, the proposed shift to consolidating our maintenance operational teams will strengthen consistency, improve resilience, reduce unnecessary cost and support responsible use of public funds while improving the customer experience and supporting more sustainable delivery of responsive maintenance.

CASE STUDY

Transforming homes and improving lives



More New Zealanders are living in modernised, healthier homes thanks to our retrofit programme, which reached a major milestone with the upgrade of its 3,500th state house.

The Gisborne property is the latest of thousands of older state homes that have been improved and rejuvenated, providing better-quality homes for whānau. New tenants have now moved in to the two-bedroom home, which has been extensively renovated throughout.

In the South Island, the 1,000th home was also recently retrofitted, with a family now living in the Dunedin property.

Gisborne customer Okeroa says he loves living in his new retrofitted home, having previously lived in one of the oldest state homes in Gisborne, which is now undergoing retrofit work.

“Overall, the home is easier to look after, and it’s made a real difference to how we live. I really appreciate having an open shower. We used to have a shower over the bath, which was slippery for the kids and hard for me because I have arthritis in my hips. The open shower is much safer for the kids and easier on my arthritis. The new kitchen feels clean, solid and safe to use.”

Our role in supported housing

In addition to providing public housing, Kāinga Ora manages transitional housing and Community Group Housing. Together, these portfolios are referred to as supported housing.

Kāinga Ora leases homes to more than 200 provider organisations that deliver government-funded support services to residents. Our role is to provide healthy, dry, safe and suitable homes that enable providers to deliver these services. The providers are responsible for managing day-to-day relationships with the residents living in the homes.

Transitional housing (2,453 homes)

Transitional housing provides short-term accommodation for people and families with an immediate housing need. Homes are leased to and operated by MCERT-contracted service providers who deliver wrap-around support services to help residents move towards long-term housing solutions.

Community Group Housing (1,445 homes)

Community Group Housing provides homes for people who may struggle to live independently without support. Providers deliver specialised wrap-around services within the home, helping residents live safely and well.

These services are funded by government agencies to support specific population groups, including:

- **MSD Disability Support Services** – adults with intellectual and/or physical disabilities
- **Ministry of Health** – adults experiencing mental health and/or addiction challenges
- **Oranga Tamariki** – children and young people in the care of Oranga Tamariki
- **MSD safe house services** – women and children seeking refuge from family violence.

Key achievements in 2025/26

During 2025/26, we:

- worked with funding agencies and providers to deliver new and modified homes that meet specialist housing needs while ensuring financially sustainable rents for Kāinga Ora
- strengthened strategic partnerships with key funding agencies, including MSD Disability Support Services and Oranga Tamariki, to support long-term housing solutions
- continued to collaborate with MCERT on broader system and policy settings relating to both Community Group Housing and transitional housing
- partnered with MSD on a pilot to help improve the accessibility of three safe houses.

OBJECTIVE 3

We will respond to tenant needs by actively reconfiguring and renewing our homes

Over half of our social housing properties are nearing the end of their economic life and are due for renewal over the next 30 years. Renewal means bringing our homes up to modern living standards so that they are healthy for our customers. We do this through demolishing old homes and building new, bringing old homes up to standard through retrofitting or selling and replacing with a new home elsewhere. Through a disciplined asset recycling approach, we are unlocking capital from older, less fit-for-purpose properties and reinvesting it into new and retrofitted homes that better meet our current and future customers' needs, sustain better rental returns and reduce portfolio risk.

Link to output classes

1. Delivering cost-effective tenancy services that meet the needs of our tenants
2. Renewing and maintaining our homes
3. Delivering our large-scale redevelopment projects
4. Supporting home-ownership initiatives for New Zealanders



Drivers for change

Our commitment to renewing and reconfiguring homes reflects the evolving needs of both our customers and our portfolio. A significant proportion of our housing stock is ageing and requires renewal, with some homes located on underutilised land, exposed to climate-related risks or not well positioned to provide access to the services and amenities our customers need. At the same time, demand for social housing is changing, with more households needing different types and sizes of homes. Together, these factors highlight the need to renew, reposition and reconfigure our portfolio to ensure it remains resilient, fit for purpose and responsive to current and future customer needs.

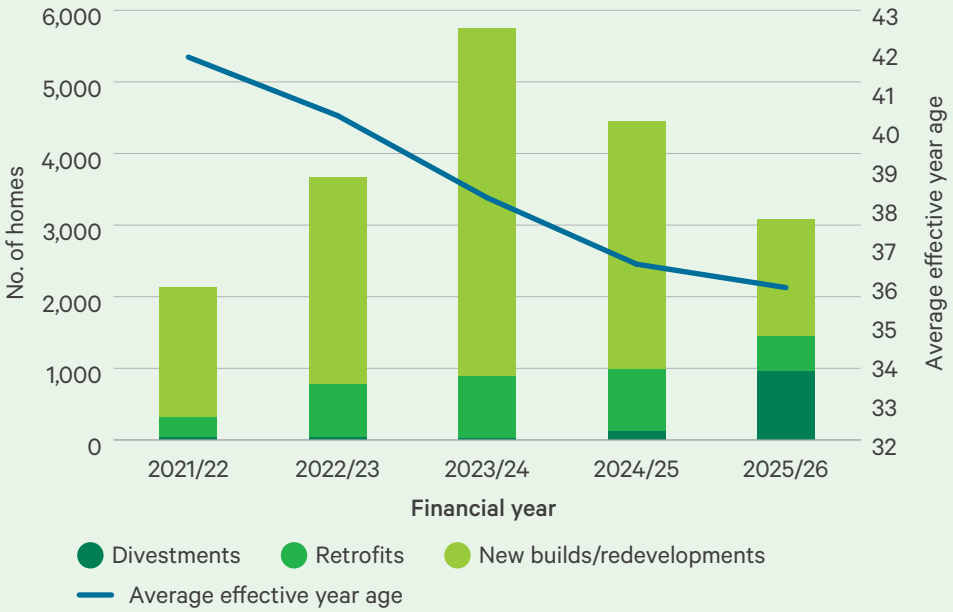
How we measure success

SOI ref:	Baseline	SOI measure	Our influence	Actual 2025/26	4-year target 2028/29	Status
3.1	38 years[5] (based on 2023/24 actuals)	Average age of housing stock[6]	High	35.9 years	37 years	
Why this matters: This measure highlights our progress in renewing our ageing housing stock, ensuring healthy homes for our tenants.						
3.2	78,200 (based on 2024/25 forecast)	Maintain our home portfolio size	High	78,294	77,800–78,800	
Why this matters: Maintaining our home portfolio within a set range allows us to focus on renewing and improving existing homes rather than adding new ones. This ensures our housing remains fit for purpose while meeting community needs in a financially responsible way.						
3.3	11,240	Decrease the number of Kāinga Ora homes exposed to flood[7] hazards	High	6,777[8]	Decrease	
Why this matters: This measure tracks whether we are making good choices on where we divest, retrofit, redevelop and acquire homes as part of renewals activity to protect our tenants and assets against flood-related impacts.						
3.4	80.4 tCO_2e/home (2022/23)	Carbon emissions[9] resulting from the Kāinga Ora housing portfolio	High	70.2[10] tCO_2eq/home (12.7% reduction)	74.4 tCO_2eq/home (7.4% reduction)	
Why this matters: This measure tracks whether our homes are decarbonising in alignment with the New Zealand and Kāinga Ora Emissions Reduction Plans. Low-carbon homes also provide a healthier and more cost-effective living environment.						

5. This figure has been restated from 41 years (as shown in the Reset Plan) to reflect the reindexing of retrofitted properties, which are assigned an effective age of zero upon completion of retrofit.
6. The average age of housing stock reflects that properties are considered 'new' from the time they are significantly retrofitted. This approach acknowledges the extended lifespan and improved condition of upgraded homes.
7. The number of Kāinga Ora homes that could have water reach the first floor during a major flood caused by rivers, heavy rain or the sea. This type of flood is expected to happen about once every 100 years.
8. While some of the reduction is due to the divestment or demolition of 186 homes previously assessed as exposed to flood risks, most of the reduction is due to improved vulnerability data for our homes and improved flood modelling.
9. The average carbon emissions from building a Kāinga Ora home during the reporting period plus the average emissions from running a home in the portfolio over 50 years (such as from maintenance and tenant energy and water use).
10. Since the SOI measure was published, the method for calculating the footprint has been improved, which reduces the baseline to 77.9 tCO_2e/home and the target to 74.2 tCO_2e/home. This means the actual reduction achieved in 2025/26 was 9.9 percent compared to the updated baseline.

Summary of our performance in 2025/26

Figure 11: Impact of portfolio renewal activities on the average effective age of the housing portfolio



WHAT WENT WELL

The Kāinga Ora housing renewal programme delivered 2,136 renewed social and supported homes during the year, comprising 1,641 newly built homes and 495 retrofitted existing homes. Delivery was achieved within the SPE 2.1 target range of 2,075–2,575 renewed homes. This was achieved despite significant challenges affecting the timing and certainty of housing delivery due to regional capacity constraints and consenting delays, which are discussed in more detail below in what we learned.

We also achieved the Public Housing Plan target of 2,650 net additional social homes across 2024/25 and 2025/26. This comprised 2,225 net additional social homes in 2024/25 and a further 425 additional homes in 2025/26. As a result, managed housing stock (all housing types) closed the year at 78,294 homes, exceeding the opening stock position of 78,204 homes and remaining within the SOI range of 77,800–78,800 homes.

Alongside our new housing delivery programme, our divestment programme is a key part of the Kāinga Ora Asset Management Strategy, enabling proceeds from ageing or unsuitable properties to be reinvested in renewal, retrofit and redevelopment activities. This asset recycling approach supports a higher-quality, more sustainable housing portfolio that is better aligned to our customers' current and future housing needs.

WHAT WE LEARNED

During 2025/26, Kāinga Ora faced a range of challenges that affected the timing and certainty of housing delivery. Regional capacity constraints, planning and consenting delays, engineering approval timeframes, lease expiries and changes to planning settings in Auckland all created pressure across the programme and increased delivery risk in several regions. These factors, and particularly the consenting delays, pushed a significant proportion of planned deliveries into the final quarter of the year, increasing delivery risk and requiring close monitoring and active mitigation.

These challenges highlighted the importance of maintaining a flexible approach in our delivery planning, actively managing risks across the portfolio and working closely with partners to respond to changing circumstances. The year reinforced the value of a strong project pipeline, a disciplined value-for-money approach to decision making and the benefits of greater long-term funding certainty to support more effective planning and delivery outcomes. The year also reinforced the importance of utility providers coordinating and

aligning their programmes of work with housing delivery timeframes, ensuring services are connected at the point of completion and supporting a smooth transition to tenanting the home. Strong and enduring partnerships across the public, private and community sectors will be critical to maintaining delivery momentum, responding to future demand and supporting the sustainable renewal of the housing portfolio.

LOOKING AHEAD

Moving forward, we will continue to focus on building efficiency by increasing the use of standardised housing designs[11] and maintaining strengthened procurement practices. These actions will help reduce cost variability, improve procurement efficiency and deliver better value for money while maintaining the quality of new homes.

We will continue to manage delivery risk by working closely with councils to streamline consenting processes and with utility providers to improve the coordinated timing of their work, developing strategic partnerships where required. We are improving how we plan and forecast future projects so that design, consenting, procurement and construction activities are better coordinated. This will help us deliver homes more consistently and provide greater certainty around delivery timeframes.

Renewing our social housing portfolio to meet our customers' needs

To ensure homes remain healthy, safe and fit for purpose, Kāinga Ora is undertaking a long-term renewal programme to improve the quality, resilience and suitability of our housing stock, funded by our asset recycling approach.

The programme includes replacing older homes with newly built or market-new acquired properties, redeveloping or relocating outdated homes and retrofitting existing homes to extend their useful life. Working alongside the Government and MCERT, Kāinga Ora plans to renew approximately 40,000 homes over the next 30 years, supporting sustainable operations, stronger communities and an appropriate supply of public housing.

Delivering on regional growth and housing renewal

In August 2024, Ministers updated the targets set in the Kāinga Ora SPE 2024/25 to support the Government's objective of reducing demand for emergency housing, particularly in priority regions. As part of these changes, some regional targets were adjusted and delivery timeframes extended across 2024/25 and 2025/26.

Kāinga Ora achieved net renewal delivery targets in eight of 11 MCERT regions and exceeded its overall national target for the year. Given the scale and complexity of managing New Zealand's largest public housing portfolio, regional delivery outcomes can vary from year to year due to local market conditions, programme timing and project-specific factors. While East Coast, Wellington and West Coast Tasman delivered below their respective Letter of Expectation targets, stronger performance elsewhere more than offset these variances, enabling Kāinga Ora to exceed its national commitment. Targeted plans are in place to support improved delivery and achievement of future regional commitments.

11. A suite of pre-designed, adaptable house designs for new homes in a range of sizes to suit multiple typology needs.

Table 3: Summary of our housing portfolio in the year ended 30 June 2026

	Social housing	Community Group Housing	Transitional housing	CHP lease portfolio	Non-social housing	Total homes
Opening portfolio 1 July 2025	73,147	1,468	2,487	1,026	76	78,204
Additions – gross new homes (SPE 2.1)*	1,639	2	–	–	–	1,641
Additions – purchase of existing homes	8	1	–	–	–	9
Disposals	(1,461)	(22)	(11)	(31)	0	(1,525)
Adjustments**/ transfers	(8)	(4)	(23)	–	–	(35)
Net change in portfolio	**178**	**(23)**	**(34)**	**(31)**	**0**	**90**
Closing stock 30 June 2026	**73,325**	**1,445**	**2,453**	**995**	**76**	**78,294**

* Excludes retrofits.

** Adjustments include stock transfers and property movements not categorised as formal additions or disposals along with 14 Rural Housing Programme sales.

Table 4: Social housing regional net delivery 2025/26 by MCERT region

MCERT region	Gross additions*	Gross disposals**	Adjustments****	Net change
Northland	164	(58)	(3)	103
Auckland	394	(526)	1	(131)
Waikato	72	(111)	0	(39)
Bay of Plenty	153	(36)	(2)	115
East Coast	182	(54)	(3)	125
Taranaki	83	(29)	0	54
Central	68	(24)	0	44
Wellington	188	(286)	(1)	(99)
West Coast Tasman	142	(53)	3	92
Canterbury	121	(242)	(5)	(126)
Southern	80	(42)	2	40
Total social housing	**1,647**	**(1,461)**	**(8)**	**178**
CHP lease portfolio housing	0	(31)	0	(31)
Supported housing***	3	(33)	(27)	(57)
Total	**1,650**	**(1,525)**	**(35)**	**90**

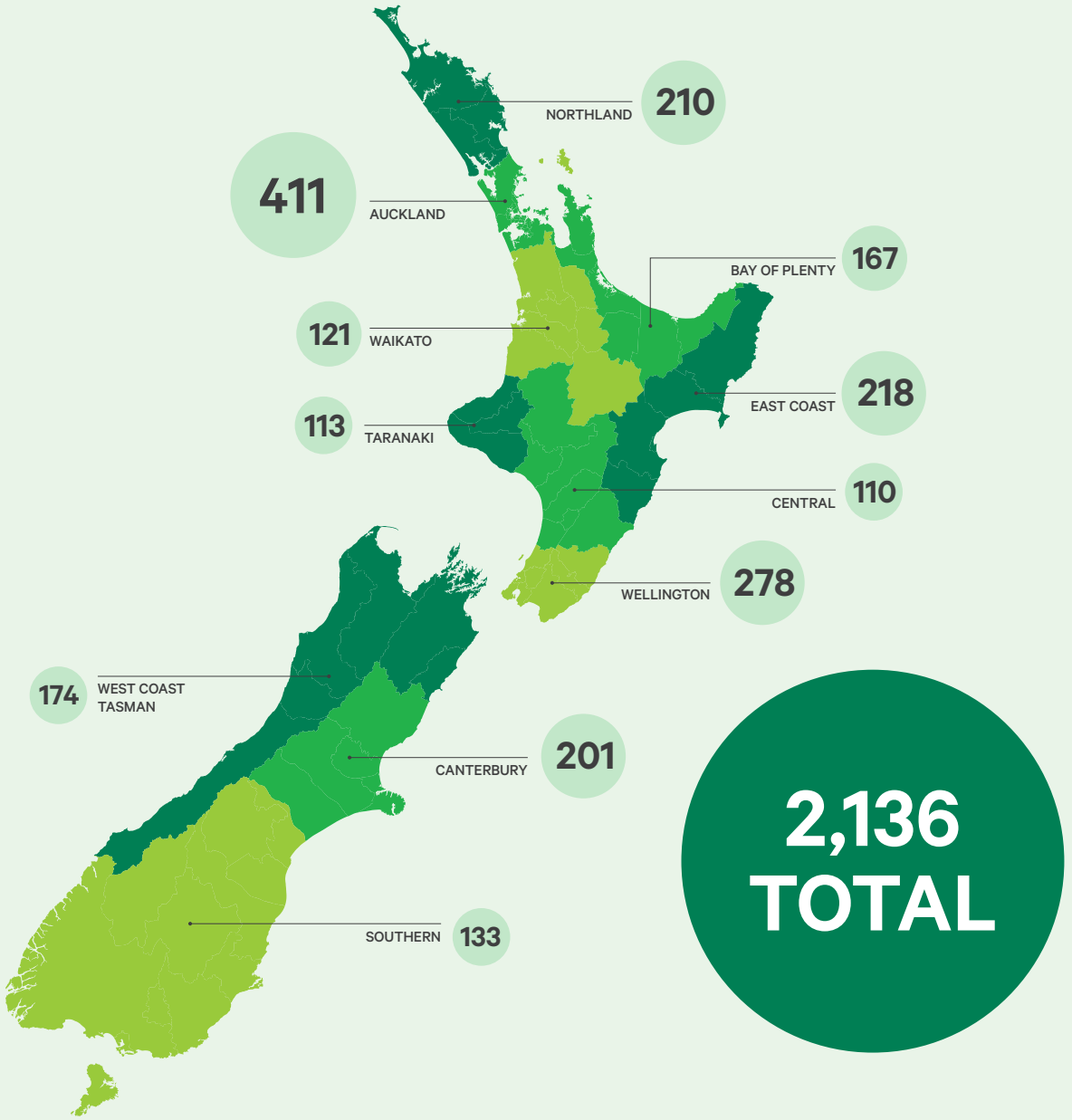
* Gross additions include acquiring existing, acquiring new and redevelopment deliveries. Excludes retrofits.

** Gross disposals include sales, demolitions and lease expiries.

*** Supported housing is made up of Community Group Housing and transitional housing.

**** Adjustments include stock transfers and property movements not categorised as formal additions or disposals along with 14 Rural Housing Programme sales.

Figure 12: New and retrofitted social and supported home deliveries by MCERT region (SPE 2.1)



Our sales and divestment programme

As New Zealand's largest public housing asset manager, Kāinga Ora continually assesses the performance and suitability of its assets to ensure investment is directed towards homes that best meet current and future housing needs. The divestment programme supports this approach by recycling capital from properties that no longer align with portfolio objectives into renewal, retrofit and redevelopment activities. This helps modernise the housing portfolio, improve asset performance and manage long-term maintenance and investment risks while ensuring funding is directed where it can achieve the greatest impact.

The sales and divestment programme continued to support portfolio renewal and the reinvestment of capital across Kāinga Ora's housing portfolio. During 2025/26, Kāinga Ora realised $417 million from the sale of 933 social homes, achieving 99 percent of the budgeted target of $421 million and 99 percent of the 4 September 2025 Letter of Expectation budgeted sales volume of 939 homes. This result was achieved despite softer conditions across the wider property market during the period.

Performance varied across regions, with stronger results in several areas offsetting lower-than-expected average sales prices in East Coast, Taranaki and Wellington. In addition, 41 land divestment sites were sold during the year, generating $31 million in sale proceeds.

Table 5: Progress towards our divestment programme in 2025/26

MCERT region	Units	$000	Average $000 per home
Northland	55	19,111	347
Auckland	304	227,887	750
Waikato	41	22,239	542
Bay of Plenty	23	7,448	324
East Coast	40	11,105	278
Taranaki	22	5,791	263
Central	21	5,668	270
Wellington (excl. Dixon Street)	56	16,158	289
West Coast Tasman	18	5,213	290
Canterbury	208	85,467	411
Southern	28	9,768	349
Total units (excl. Dixon Street)	**816**	**415,855**	**510**
Wellington – Dixon Street	117	1,040	8.9
Grand total units	**933**	**416,895**	**447**
Total land	41	30,845	
Total revenue from sales		**447,740**	

Delivering healthier homes through our retrofit programme

The Kāinga Ora retrofit programme is a key component of our asset renewal strategy, upgrading older homes to modern standards and providing healthier homes for customers. By extending the life of existing homes by up to 50 years, the programme delivers environmental benefits while helping customers remain in the communities they know and value.

Retrofitting often provides a faster, more cost-effective alternative to replacement housing. With most projects completed within 3–5 months, the programme enables us to improve housing quality efficiently while reducing the consumption of new materials and the volume of waste sent to landfill. Upgraded homes are also more energy efficient, supporting lower energy use and improved living conditions for customers.

In 2025/26, the programme delivered 495 retrofits, within the SPE target range of 475–525 homes.

CASE STUDY

Building homes, skills and stronger communities



Reconfiguring our housing supply to better respond to demand helps ensure customers have access to healthier homes, while improving the resilience and long-term performance of the housing portfolio.

In Wairoa, the Tihitihi Pā development is bringing that objective to life through the delivery of 30 new state homes in a community still recovering from the devastating floods of 2022 and 2023. These are the first new state homes constructed in Wairoa in many years.

Graeme Broderick, Kāinga Ora Regional Director for the East North Island, says the project is a milestone for the community.

“The completion of the first stage means families currently living in transitional or unsuitable housing will soon move in to safe, long-term homes – a very positive development for our community.”

The project is also helping to grow local construction skills and careers.

One local builder, Waiora, says, “I was travelling out of town each week to complete my apprenticeship. Once I started working [here], I finished it in 8 months. I’m now fully qualified and helping my workmates do the same. Here, we are part of the full picture, involved in building the homes from start to finish.”

Figure 13: 2025/26 development highlights



Kauika Road, Whangārei

95

Largest development outside of Auckland and Wellington during year

Rooms: 21 one-bed, 68 two-bed, 3 three-bed, 3 four-bed



Tasman Street, Greymouth

8

23 homes delivered in Greymouth this year

Rooms: 1 three-bed, 7 two-bed

Hamilton Street, Gore

16

First delivery in Gore for more than 10 years

Rooms: 16 two-bed one-storey houses



Barton Avenue, Napier

30

Mix of multi-storey homes, terraces, duplexes and a three-level walk-up

Rooms: 1 one-bed, 23 two-bed, 6 three-bed





Gladstone and Mill Roads, Gisborne

28

Terrace homes, walk-ups and duplexes

Rooms: 26 two-bed, 2 three-bed



Victoria Street, Rotorua

36

Three-level apartment complex

Rooms: 21 one-bed, 15 two-bed

McKenzie Road, Māngere, Auckland

43

Mix of three-level walk-ups and terraced homes

Rooms: 12 two-bed, 17 three-bed, 14 four-bed



Palmerston Street, Westport

8

Homes partially constructed through off-site manufacturing at Rolleston Prison

Rooms: 4 one-bed, 4 two-bed



Setting the standard in building consent performance

Established over 5 years ago as an independent division of Kāinga Ora, Consentium delivers building compliance services, including processing and granting building consents, inspections and issuing Code Compliance Certificates (CCCs). It was the first nationally accredited and registered building consent authority (BCA) that is not a territorial authority. It adds value by reducing consenting timeframes and enhancing operational efficiencies for Kāinga Ora properties.

During the 2025/26 reporting period, Consentium delivered outstanding operational performance, supporting the timely delivery of housing and construction projects. During the 2025/26 reporting period, it delivered:

- 859 building consents, enabling the construction of 1,789 homes
- 100 percent of consents within the statutory 20-day processing timeframe, with an average processing time of 2 days
- 25,830 inspections, with 100 percent conducted within 3 working days of customer requests, significantly exceeding the BCA key performance indicator target of 80 percent
- 884 CCCs, averaging 1.5 working days – well ahead of the 20-day requirement.

Since MBIE began quarterly performance monitoring in 2024, Consentium has consistently ranked among the top BCAs, maintaining some of the shortest median processing times for granting building consents, undertaking inspections and issuing CCCs while also achieving some of the shortest customer wait times for inspections across the sector.

These results reflect Consentium's consistently high performance over recent years and its important role in enabling housing and construction activity. Sustaining this performance remains a key priority.

Strengthening community engagement in our development programme

Kāinga Ora takes a portfolio-wide approach to community engagement, working in partnership with communities and stakeholders to support the successful delivery of our housing renewal and development programmes. We engage early and regularly with key stakeholders and partners, including councils, mana whenua, schools, service providers and local Members of Parliament, to build strong relationships, understand local perspectives and support positive outcomes for communities.

Throughout 2025/26, activity included 2,249 key stakeholder engagements nationally and delivery of 1,227 events. Through the year, more than 58,000 unique online visitors viewed development information on our website.

While community interest in Kāinga Ora developments and our renewal programme remains strong, community sentiment remains largely positive overall, with three or fewer sites nationally experiencing escalated community opposition at any one time. Active engagement, strong partnerships and ongoing communications with key stakeholders, including local boards, school communities and neighbours, helped to de-escalate concerns, improve dialogue and build trust and confidence in our developments.

Effective community engagement remains critical to the successful delivery of our housing renewal programme. As we continue to renew our housing portfolio, we will maintain a strong focus on building trusted relationships, listening to community perspectives and working collaboratively with stakeholders to support positive outcomes for current and future residents.

Delivering on our large-scale urban development projects

Delivering the Large-Scale Urban Development Programme

Kāinga Ora is responsible for delivering a number of large-scale projects (LSPs) in Auckland and Eastern Porirua. Working in partnership with local councils, these projects have been refocused on renewing ageing social housing stock, addressing climate resilience and infrastructure needs and ensuring the social housing portfolio reflects areas of current and future demand. While social housing renewal is the primary focus, the projects continue to support market housing development where it complements social housing outcomes and delivers value for money.

There are currently five LSPs in Auckland – Northcote, Roskill, Oranga, Māngere and Tāmaki – and one in Porirua. As a master developer, Kāinga Ora delivers infrastructure and land development for itself or on behalf of a number of development partners to enable housing outcomes within the LSPs.

Kāinga Ora continued progressing its large-scale urban development programme during 2025/26 while responding to the outcomes of the Minister-initiated Large-Scale Projects Review.

Greenfield and complex site developments

In addition to our LSPs, Kāinga Ora continued to progress housing development across a range of greenfield and complex sites, including Hobsonville Point and Lakeside Te Kauwhata, alongside smaller development opportunities across Auckland. These developments support the delivery of new homes while enabling long-term urban growth in key locations.



At Hobsonville Point, 2025/26 was primarily focused on completing the final stages of the development. Key infrastructure works were completed, increasing the development's capacity to 4,096 homes, while the number of completed homes reached 3,501. The year also included ongoing work to prepare remaining land for future sale and development, improvements to waterfront infrastructure and progress on long-term arrangements for Te Onekiritea (Bomb Point) in partnership with Auckland Council and Te Kawerau ā Maki.

Strong commercial and financial management continued to deliver positive results throughout the year. This included achieving infrastructure delivery savings, securing developer cost recoveries and improving the forecast return to the Crown. As Hobsonville Point moves towards completion, efforts remain focused on final housing delivery, concluding infrastructure works, progressing land sales and maximising long-term value from the development.

Delivering savings and improving efficiency

A key focus throughout the year was achieving significant cost savings while maintaining delivery momentum. Kāinga Ora remained on track to meet its savings targets through standardised design and construction approaches and improved procurement practices.

Land sales and housing enablement

Residential market conditions remained challenging, affecting land sales and revenue recognition. Despite this, Kāinga Ora continued to optimise commercial returns while supporting planned housing outcomes. Active management of development partnerships helped support continued housing delivery. In 2025/26, our urban development activity across all programmes enabled 985 homes, including 263 social homes, exceeding the SPE target of 787 homes and developed 35.2 hectares of build-ready land against the SPE target of 18 hectares.

Infrastructure and partnership delivery

Infrastructure delivery remained strong across the programme. The Aorere neighbourhood in Māngere reached practical completion, enabling 422 future homes, while new infrastructure contracts and investment approvals in Tāmaki supported future housing growth. Civil works continued across Tāmaki, Porirua and Roskill, with Kāinga Ora also working closely with Auckland Council and infrastructure partners to improve consenting processes, align long-term investment planning and support strategic transport, utility and flood resilience projects.

Figure 14: An overview of our large-scale projects

OUR IMPACT

Infrastructure enabling housing

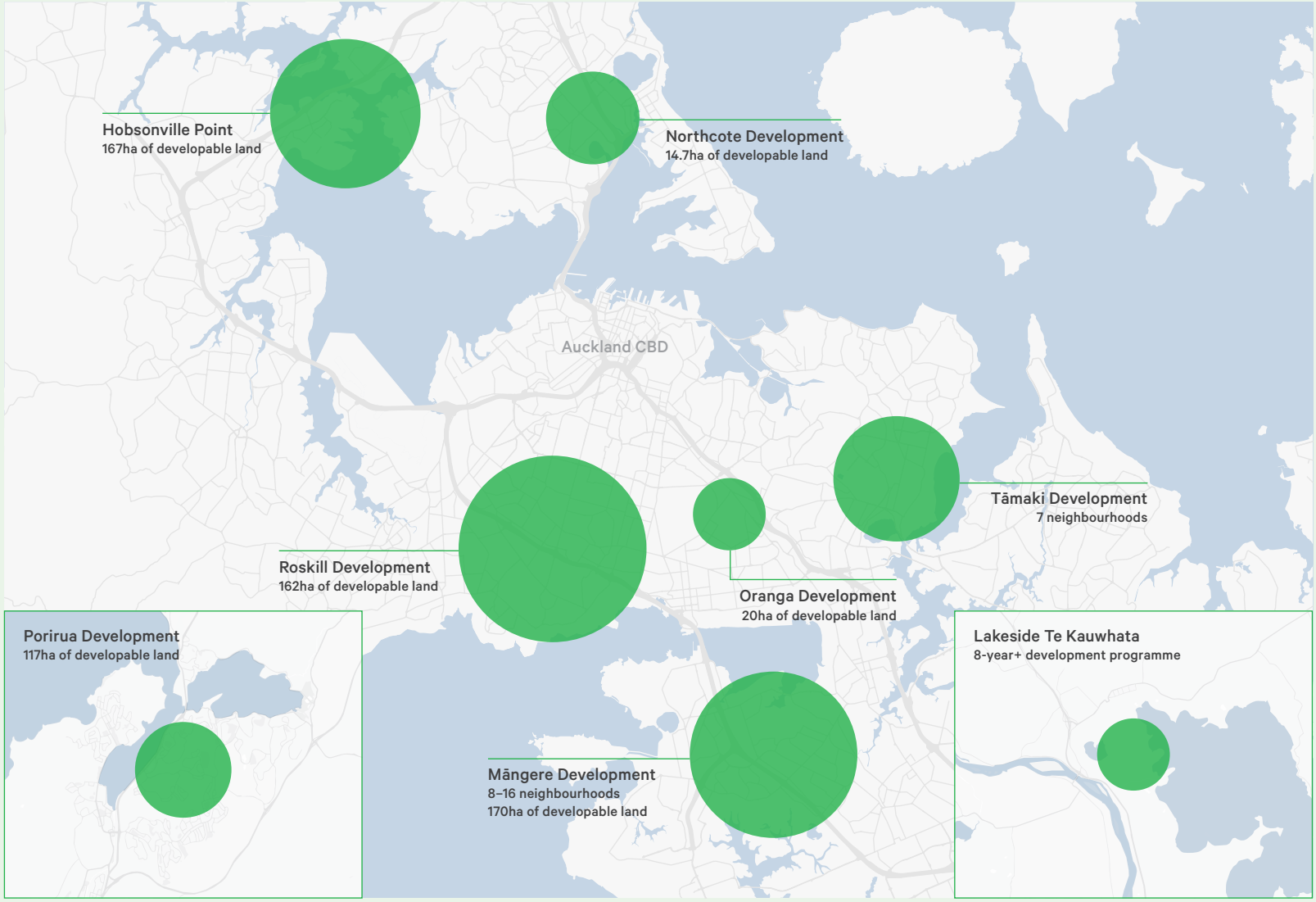
Kāinga Ora has enabled over **11,000 homes** on public land.

Significant capital investment

Our programme of work exceeds **$3 billion**, reflecting large-scale and disciplined portfolio management.

Joint-funded approach in Auckland

Our partnership with Auckland Council will enable a capital spend of **$1.1 billion** over the next 10 years for various asset types.



Managing and reporting on climate-related risks and opportunities

Climate-related risks

Kāinga Ora assess climate-related risks using a climate change-specific methodology considering exposure and vulnerability of assets and customers. These are then integrated into the Kāinga Ora Risk Management Framework using likelihood and consequence metrics. Where material, these risks are detailed in the financial statements.

Flood risk management

Kāinga Ora has continued to improve its understanding of flood risk across the portfolio through thousands of floor-level surveys and geospatial mapping of building footprints. Drawing on this enhanced data, Earth Sciences New Zealand was commissioned to update modelling of potential flood impacts across our housing portfolio. The revised modelling provided a more accurate assessment of flood risk exposure and informed measurement of progress against the flood risk exposure target set out in the SOI 2025/26–2028/29. Results show a significant reduction in the number of homes estimated to be exposed to flood hazards, reflecting improved knowledge of our properties and their relative risk, alongside the divestment or demolition of homes previously identified as potentially exposed. Work is now underway to develop and cost a long-term strategy to further reduce flood risk across our homes.

Overheating

Kāinga Ora identified that overheating in homes is a clear climate-related risk for the organisation. Kāinga Ora is using its monitoring data to contribute to MBIE-led work to develop New Zealand-specific overheating assessment approaches that better reflect local climatic conditions.

Emissions reduction

As part of the Carbon Neutral Government Programme, Kāinga Ora has an obligation to report on and reduce its greenhouse gas emissions. In 2025/26, our Scope 1 and 2 corporate emissions were 4,079 tCO_2e, a reduction of 22 percent compared to the previous year and 52 percent compared to the 2022/23 base year of 8,500 tCO_2e. This has been achieved mainly through reducing the size of our vehicle fleet, increasing the proportion of electric vehicles, extending the length of time we hold vehicles and reducing business travel.

The SOI 2025/26–2028/29 includes a target of reducing the intensity of emissions associated with the construction, maintenance and operation of our new and existing housing by 7.4 percent. In 2025/26, emissions reduced 9.9 percent through a high proportion of new homes being timber framed rather than concrete, the use of new building designs with lower embodied carbon, improved maintenance controls for existing homes and improved energy and water efficiency of the portfolio.[12] In 2026/27, Kāinga Ora will be introducing the use of low-carbon concrete in the build programme to further reduce the emissions intensity of our housing. This will apply to all new homes contracted from 2026/27 onwards.

Kāinga Ora Greenhouse Gas Emissions Inventory 2025/26

The Kāinga Ora – Homes and Communities Greenhouse Gas Emissions Inventory 2025/26 provides an assessment of our emissions across our areas of activity.

It also includes information about our emissions reduction targets and our progress towards meeting them. You can read the Kāinga Ora Greenhouse Gas Emissions Inventory here: https://kaingaora.govt.nz/assets/Publications/Annual-report/Kainga-Ora-GHG-Emissions-Inventory-2026.pdf/

12. Since the SOI measure was published, the method for calculating the footprint has been improved, which reduces the baseline against which reductions are measured to 77.9 tCO_2e/home and the 2028/29 target to 74.2 tCO_2e/home. This means that, although the reduction from the original baseline was 12.7 percent in 2025/26, the actual reduction achieved is more accurately reported as 9.9 percent compared to the updated baseline.

OBJECTIVE 4

We will be a reliably high-performing organisation

To build a more financially sustainable future and deliver greater value for our customers and communities, we are strengthening our organisational performance. Guided by our values and operating principles, we are focused on fostering a high-performing organisation that can respond effectively to changes in our operating environment while remaining aligned with our mandate and funding parameters. We are investing in the capability, systems and processes that support the delivery of our core products and services while transforming the way we work to reduce waste and improve efficiency. Through a sustained focus on performance, organisational health and financial discipline, we aim to ensure the long-term sustainability of our homes and services and continue delivering meaningful outcomes for current and future generations.

Link to output classes

1. Delivering cost-effective tenancy services that meet the needs of our tenants
2. Renewing and maintaining our homes
3. Delivering our large-scale redevelopment projects
4. Supporting home-ownership initiatives for New Zealanders



Drivers for change

Our success depends on maintaining the trust and confidence of our customers, stakeholders and communities through strong stewardship and consistent delivery. At the same time, a changing operating environment requires us to strengthen our organisational capability and culture so we can respond and adapt effectively to new challenges and opportunities. Increasing expectations to deliver greater value for New Zealanders also means we must continue to improve efficiency and focus on investment where it achieves the greatest impact. These pressures are reinforced by the need to ensure the long-term financial sustainability of our housing portfolio.

How we measure success

SOI ref:	Baseline	SOI measure	Our influence	Actual 2025/26	4-year target 2028/29	Status
4.1	36.5 (based on 2023/24 actuals)	Total debt/EBITDA[13]	 High	14.3	16.3%	
Why this matters: This measure shows how well we manage our debt in relation to operating earnings. It indicates that we are using debt to invest in assets that generate more income than they cost.						
4.1	0.8 (based on 2023/24 actuals)	EBITDA[14]/Interest	 High	1.9	1.4	
Why this matters: This measure reflects our ability to cover interest costs with operating earnings, ensuring financial sustainability and resilience.						

13. Earnings before interest, taxes, depreciation and amortisation. Amortisation incorporates asset write-offs, impairments and gains/losses.
14. For the purpose of this calculation, adjusted EBITDA excludes asset write-offs and affordable housing products contribution. These metrics were updated to be aligned with S&P Global Ratings' guidance for stand-alone credit profile rating (treatment of asset impairments and asset renewal programme updated).

Summary of our performance in 2025/26

Kāinga Ora continued to make strong progress towards its goal of becoming a reliable, high-performing organisation in 2025/26. A key focus of this work was ensuring customers remained at the centre of decision making, with organisational improvements designed not only to strengthen performance and efficiency but also to deliver more responsive, consistent and effective services.

Through the Transformation Programme and ongoing improvements across the organisation, Kāinga Ora streamlined processes, strengthened organisational capability and improved service delivery while maintaining a high level of support for customers throughout a period of significant change.

WHAT WENT WELL

Over the past year, the Transformation Programme supported the successful delivery of the organisation's Reset phase. It provided oversight of key improvement initiatives and tracked progress against performance and financial targets, helping to strengthen accountability and support informed decision making across the organisation.

It also established the foundations for major change initiatives, including the Tenancy Operating Model, Maintenance Operating Model and Technology Modernisation Programme, positioning Kāinga Ora for continued performance improvement. This work contributed to a significant improvement in underlying EBITDA, which increased from $199 million in 2023/24 to $1,034 million in 2025/26.

WHAT WE LEARNED

The progress achieved in 2025/26 demonstrated the organisation's ability to deliver significant change while improving financial and operational performance. It also reinforced the importance of careful planning, effective stakeholder engagement and the disciplined sequencing of initiatives. Successful large-scale and rapid organisational change relies not only on achieving programme outcomes but also on managing change in a way that supports our people, maintains service continuity and strengthens customer outcomes. Balancing these priorities will remain critical as we continue to build a more sustainable and high-performing organisation.

LOOKING AHEAD

As Kāinga Ora moves from the Reset phase into a period of longer-term strategic change and stabilisation, the organisation will be focusing on:

- developing and implementing the Tenancy Operating Model
- implementing the Maintenance Operating Model
- preparing our systems and processes for technology modernisation
- improving asset and infrastructure planning
- strengthening our capability and culture.

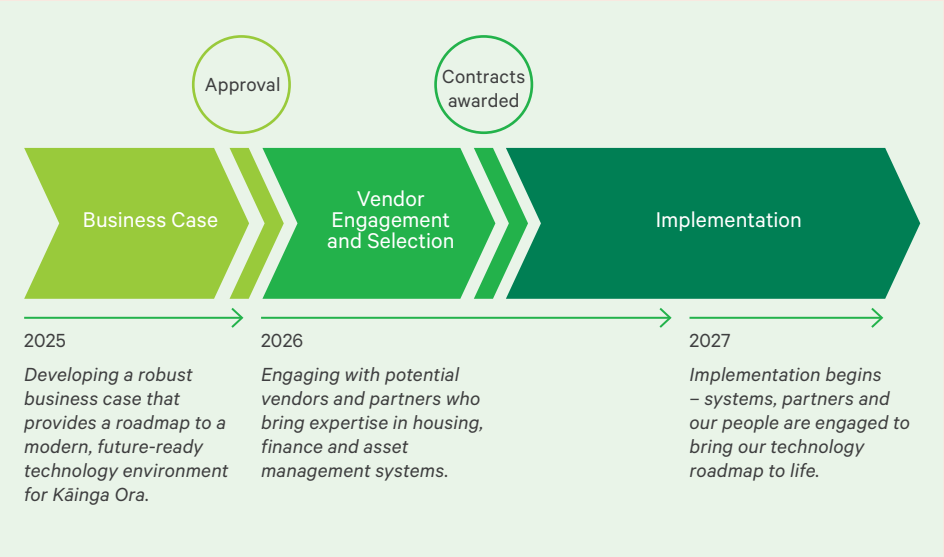
Technology Modernisation Programme

Modern, reliable technology is critical to improving organisational performance and enhancing the services Kāinga Ora provides to customers and partners. The Technology Modernisation Programme is a key enabler of the organisation's long-term change and renewal strategy. It will provide the foundation for modern, scalable technology platforms, more efficient and standardised business processes, improved customer and employee experiences, and systems that are simpler and more cost-effective to operate and enhance over time.

During 2025/26, the programme achieved several significant milestones. Following successful Treasury Gateway assurance, Cabinet endorsed the business case in December 2025, allowing the programme to move into procurement. Strong market interest was received, with procurement completed and preferred vendors selected across all major workstreams.

Modernising the systems and tools behind our daily work, will enable our people to do their best work and strengthen the services we provide to customers, partners and communities across Aotearoa New Zealand.

Figure 15: Our Technology Modernisation road map



Organisational health and capability

An organisational health and capability uplift is a key part of the strategic change. Over the past year, we have continued to focus on embedding a culture of high performance, accountability and leadership effectiveness, creating a stronger foundation for delivering better customer experiences and outcomes. More detail can be found on page 67.

Our statement of performance
Tā mātou tauākī tutukinga

Our statement of performance | Tā mātou tauākī tutukinga

This section of the report includes information on our non-financial performance delivered through the year that contributed to the achievement of our strategic objectives. It relates to performance information set out in our SPE 2025/26, including the Vote Housing and Urban Development Estimates of Appropriations.

Full details of our SPE 2025/26 are available on our website.

Our measures

Our output performance measures assess our performance against annual targets outlined in the SPE. These measures focus on activities we are funded to deliver. They collectively contribute to and support our medium-term strategic objectives.

In selecting the mix of performance measures, we have focused on measures that are meaningful to the public and reflect our core business activities.[15] This section covers 1 July 2025 to 30 June 2026.

Performance measure assessment criteria

Met	Result for the year is either equal to or above the target set	✓	Sub-target met
Almost met	Result for the year has not been achieved by a slim margin (less than 2 percent)	–	Sub-target almost met
Not met	Result for the year has not been achieved by more than 2 percent	✗	Sub-target not met
Not applicable	Demand driven		

15. This is in alignment with Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting by the New Zealand Accounting Standards Board.

OUTPUT CLASS 1

Delivering cost-effective tenancy services that meet the needs of our tenants

Our role under this output class

Our core role is to establish and manage social housing tenancies while ensuring tenants meet their responsibilities. We make sure our homes meet tenants' needs and that tenants feel well supported to manage their tenancy with us and live well in their home.

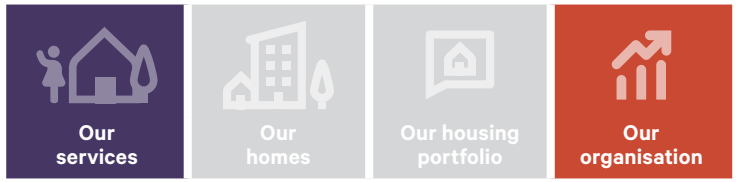
How we performed

Met **6 out of 6** output performance measure targets.

6 out of 6

SPE ref:	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26	
1.1	78%[16]	Tenant satisfaction with Housing Support Manager in relation to: • treating with respect • following up on requests or complaints • responding in a timely manner	75–85%	79%	
1.2	90%	Percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue	≥85%	89%	
1.3	$6.9 million	Tenant rent debt will be below the target amount by 30 June 2026	≤$6.0 million	$3.2 million[17]	
1.4	89%[18]	Tenant satisfaction with Customer Support Centre interactions	75–85%	91%	
1.5	96%	Percentage of reported incidents of disruptive behaviour where a decision on appropriate action occurs within 15 working days	≥90%	99%	
1.6	88%	Percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour	≥85%	92%	

Link to strategic objectives



16. As a result of changes to the methodology for measuring customer satisfaction, this result has been restated using the 2025/26 measurement methodology. In 2024/25, the measure comprised a combined satisfaction rating for both the Customer Support Centre and Tenancy Support Manager services.
17. Data is reported as at 28 June 2026. Tenant balances are recognised as current rental debt only after exceeding a 7-day tolerance period.
18. The 89 percent figure was not the specific SPE result from 2024/25 but is instead the directly comparable result that has the same methodology as the current SPE, which is a post interaction survey result rather than a combination of multiple survey questions.

Output class 1: Revenue and output expenses

To deliver tenancy services that meet the needs of our customers, there is a proportion of Kāinga Ora's rent revenue, administration and customer servicing expenses that relate directly to the management of the social housing portfolio.

Actual 2024/25 $m		Budget 2025/26 $m	Actual 2025/26 $m
156	Revenue Crown	170	170
62	Revenue other	67	70
225	Expenses	235	194
(7)	**Net surplus/(deficit) before tax**	2	46
3	Capital investment*	5	0

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend and excludes property, land and urban development sales.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

Comment

Expenses were lower than budget primarily due to lower corporate overheads, including technology costs, personnel expenses and other non-property related costs.

Capital investment was below budget as a result of lower spending on corporate infrastructure.

OUTPUT CLASS 2

Renewing and maintaining our homes

Our role under this output class

Our role is to ensure our social and supported housing tenants have access to warm, dry and safe homes through good asset stewardship. This includes renewing and replacing our older properties and providing effective maintenance.

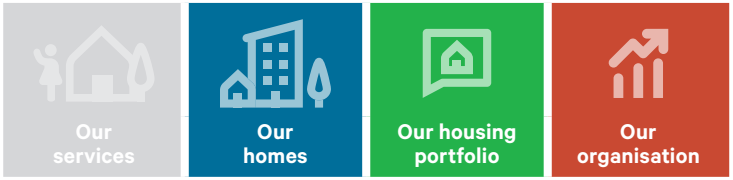
How we performed

Met **4 out of 4** output performance measure targets.

4 out of 4

SPE ref:	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26	
2.1	4,330	Number of new and retrofitted Kāinga Ora homes	2,075–2,575	2,136	↑
	3,456	• new builds	1,600–2,050	1,641	✓
	874	• retrofits	475–525	495	✓
2.2	98.2%	Percentage of social homes in service[19] that are let (daily utilisation)	≥98.0%	99.2%	↑
2.3	18 days	Average number of days from a social home becoming vacant to being let again	≤27 days	20 days	↑
2.4	83%[20]	Tenant satisfaction with maintenance based on the equally weighted average score of the following tenant survey maintenance measures: • satisfaction with quality • satisfaction with time taken • to complete work • satisfaction that contractors treated you and family with respect	75–85%	85%	↑

Link to strategic objectives



19. Homes in service exclude homes undergoing major repairs/retrofits, in the redevelopment process, being sold, nearing lease expiry or awaiting demolition.
20. This result has been restated using the 2025/26 measurement methodology, which assesses three components: quality, timeliness, and respect. In 2024/25, the measure was based solely on respondents' overall satisfaction rating with maintenance services.

Output class 2: Revenue and output expenses

Revenue includes a large portion of rent revenue for social housing. The expenses are in relation to maintenance and renewal of the social housing and supported housing portfolios. It includes all administration and maintenance expenses for social housing and both revenue and expenses for supported housing.

Actual 2024/25 $m		Budget 2025/26 $m	Actual 2025/26 $m
1,382	Revenue Crown	1,512	1,532
680	Revenue other	696	692
2,426	Expenses	2,467	2,206
(364)	Net surplus/(deficit) before tax	(259)	17
2,418	Capital investment*	1,453**	1,122

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend and excludes property, land and urban development sales.

** This figure has been restated from our 2025/26 SPE to reflect gross capital investment, which excludes property and land sales.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated. This output class includes the significant costs involved in maintaining our homes.

Comment

Crown income is higher than budget due to a higher operating supplement for eligible public housing properties.

Expenses are lower than budget due to the transformation programme savings programme for repairs and maintenance, lower redevelopment write-offs, interest expenses and depreciation on assets. However, this is partially offset by one-off unbudgeted project write-offs.

Capital investment is lower than budget primarily due to lower redevelopment unit deliveries following an approved change in mix, rephasing of some unit deliveries into 2026/27 and transformation programme savings.

OUTPUT CLASS 3

Delivering our large-scale redevelopment projects

Our role under this output class

Our role is to facilitate and deliver urban redevelopment projects, including reshaping social housing neighbourhoods to significantly increase build-ready land.[21] This includes delivering homes where they are needed to ensure an appropriate mix of social and market housing.

As outlined by the Urban Development Act, we will continue to facilitate Specified Development Projects if any opportunities are identified.

How we performed

Met **2 out of 2** output performance measure targets.

2 out of 2

SPE ref:	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26	
3.1	15.2 hectares	Hectares of build-ready land redeveloped by Kāinga Ora[22]	≥18 hectares	35.2 hectares (see note 1)	
3.2	970	Number of new homes that can be constructed on build-ready land that is redeveloped and contracted[23] by Kāinga Ora	≥787	985 (see note 2)	

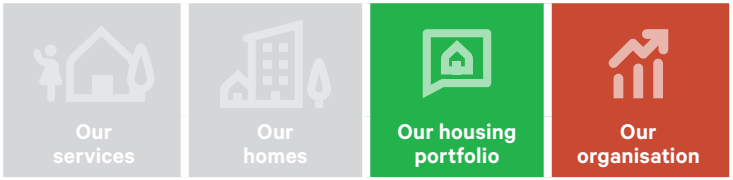
Note 1: Positive variance in hectares of build-ready land redeveloped (SPE 3.1)

Performance exceeded target due to the earlier-than-planned handover of land at Lakeside, Aorere and Tāmaki. This was partially offset by timing differences at Mount Roskill and Oranga.

Note 2: Positive variance in number of new homes that can be constructed on build-ready land (SPE 3.2)

Performance exceeded target due to accelerated delivery and contracting across several projects, particularly Aorere, Tāmaki, Ormiston and Lakeside, along with higher housing yields at Mount Roskill and Northcote. This was partially offset by returned homes at Oranga and contract delays in Northcote.

Link to strategic objectives



21. During 2025/26, these projects have been refocused on renewing ageing social housing stock, addressing climate resilience and infrastructure needs, and ensuring the social housing portfolio reflects areas of current and future demand.
22. Performance is assessed per annum.
23. Land contracted refers to build-ready land either sold to the market (under a signed unconditional contract or licence to occupy) or ready for social housing construction.

Output class 3: Revenue and output expenses

The revenue and expenses of this output class relate to activities associated with urban development to increase the supply of build-ready land.

Actual 2024/25 $m		Budget 2025/26 $m	Actual 2025/26 $m
97	Revenue Crown	51	16
179	Revenue other	263	101
511	Expenses	490	327
(235)	Net surplus/(deficit)	(176)	(209)
237	Capital investment*	229	208

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend and excludes property, land and urban development sales.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

During 2025/26, our LSPs have been refocused on renewing ageing social housing stock, addressing climate resilience and infrastructure needs and ensuring the social housing portfolio reflects areas of current and future demand. While social housing renewal is the primary focus, the projects continue to support market housing development where it complements social housing outcomes and delivers value for money. LSPs account for the majority of the Kāinga Ora share of the Housing Acceleration Fund. Kāinga Ora realigned the LSP programme to ensure it remains within the new $1.74 billion funding envelope confirmed in the Government's Budget 2025.

Comment

Crown and other revenue are lower than budget due to lower land sales (timing and one-off adjustment for land sales revenue reversal) and vested council infrastructure revenue.

Apart from the one-off land sales adjustments, the corresponding expenses largely offset the related revenue and contributed significantly to expenses being lower than budget.

Capital investment was lower than budget due to urban planning and development programme rephasing.

OUTPUT CLASS 4

Supporting home-ownership initiatives for New Zealanders redevelopment projects

Our role under this output class

While a number of our supporting home-ownership products have either ceased due to changes in Government priorities or have been transferred to other Crown organisations, Kāinga Ora still provides some support to aspiring homeowners who would not otherwise be able to purchase their first home. We deliver three Crown products to facilitate home ownership and improve housing affordability:

- First Home Loan underwrite.
- Kāinga Whenua Loan underwrite facility.
- First Home Partner – a shared home-ownership scheme. We continue to manage the scheme for those participants who applied before the scheme was fully subscribed.

How we performed

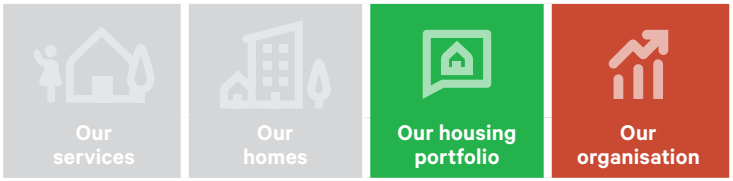
We responded to demand in line with the output performance measure.

SPE ref:	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26	
4.1	3,085	Number of First Home Loan mortgages underwritten	Demand driven up to a maximum of 3,600	4,049 (see note 1)	

Note 1: Number of First Home Loan mortgages underwritten

The maximum target of 3,600 mortgages reflected previous Crown appropriation funding constraints. As the First Home Loan scheme now operates on a user-pays basis with underwriting costs substantially recovered from applicates, future targets will be demand driven rather than a fixed cap.

Link to strategic objectives



Output class 4: Revenue and output expenses

The revenue and expenses of this output class are in relation to home-ownership products that are managed on the Crown's behalf.

Actual 2024/25 $m		Budget 2025/26 $m	Actual 2025/26 $m
19	Revenue Crown	6	3
11	Revenue other	10	14
20	Expenses	7	11
10	Net surplus/(deficit)	9	6
–	Capital investment*	–	–

Output class revenue and expense tables may have rounding differences.

* Includes a share of corporate infrastructure capital spend and excludes property, land and urban development sales.

Note: Interest costs are spread across all our output classes in the same way corporate overhead costs are allocated.

Revenue and expenses in this output class are demand driven to support first-home buyers. The First Home Grant was discontinued in May 2024 and existing pre-approvals wrapped up in 2024/25, which represented the majority of revenue and expenses for this output class.

The First Home Loan programme moved to a full cost recovery model from 2025/26, ending the Government's contribution to the mortgage insurance scheme premium as part of the Government's Budget 2025 announcements.

Comment

Other revenue is higher than budget primarily due to the release of unearned premiums relating to loans repaid early under the First Home Loan scheme

Expenses are higher than budget due to Kāinga Ora's share of revaluation losses under the First Home Partner scheme.

Our governance and leadership | Tō mātou whakaruruhau, hautū hoki

Our Board

The Board of Kāinga Ora is responsible for the overall governance, strategic direction and long-term stewardship of the organisation. The Board:

- ensures Kāinga Ora delivers high-quality social housing properties and tenancy services and undertakes urban development activities in line with its legislative mandate
- ensures Kāinga Ora acts consistently with the SOI and SPE, gives effect to Government policy directions and upholds the principles of te Tiriti o Waitangi when carrying out urban development
- drives and monitors the performance of Kāinga Ora, providing oversight of both financial and non-financial performance and reporting regularly on its performance to the Minister of Housing, Associate Minister of Housing and Minister of Finance.

The Board is accountable to joint Ministers and Parliament for the performance of Kāinga Ora and expenditure of public funds. It maintains a 'no surprises' relationship with Ministers, supports transparent communication with stakeholders and fosters collaboration across the housing and urban development system.

Our Board during 2025/26 consisted of the following members:



Simon Moutter
CHAIR

APPOINTED:
4 June 2024 – 31 May 2027



Jenn Bestwick
DEPUTY CHAIR

APPOINTED:
8 July 2024 – 30 June 2027



Alan Dent

APPOINTED:
8 July 2024 – 30 June 2027



John Bridgman

APPOINTED:
1 January 2022 – 31 December 2027



Peter Jeffries

APPOINTED:
8 July 2024 – 30 June 2029



Ceinwen McNeil

APPOINTED:
8 July 2024 – 30 June 2029



Fiona Fountaine

APPOINTED:
8 July 2024
RESIGNED:
30 June 2026



Karleen Puriri

APPOINTED:
1 December 2025 – 30 November 2028

For more information on Kāinga Ora Board members, please see:
Our leadership and governance: Kāinga Ora – Homes and Communities

Our governance model in 2025/26

The work of the Board is supported by three subcommittees. The subcommittees provide a platform for the Board to deal with specific issues that require specialised areas of expertise. This financial year, the Board reviewed its governance accountabilities and updated the committee structure to support a streamlined and effective approach to governance.

As part of this review, the Public Housing Committee was disestablished, with oversight of customers and operations, alongside community engagement, elevated to the Board.

Health and safety, oversight of the tenancy service model and oversight of partnerships and engagement with housing providers and iwi/Māori remain responsibilities of the Board.

Investment and Delivery Committee

The Investment and Delivery Committee assists the Board inits governance responsibilities with respect to significant capital investment decisions made by the Kāinga Ora Group and oversight of housing delivery.

John Bridgman	CHAIR
Peter Jeffries	MEMBER
Karleen Puriri	MEMBER
Simon Moutter	EX OFFICIO
Lale Ieremia*	SPECIALIST

* Specialist IDC appointment 23 March 2020 – 30 November 2025 (resigned).

People, Performance and Culture Committee

The People and Culture Committee assists the Board to fulfil its governance functions relating to people, culture and remuneration.

Jenn Bestwick	CHAIR
Simon Moutter	MEMBER

Finance, Risk and Assurance Committee

The Finance Risk and Assurance Committee assists the Board in discharging its responsibilities relative to financial reporting and regulatory conformity.

Alan Dent	CHAIR
Ceinwen McNeil	MEMBER
Fiona Fountaine	MEMBER
Simon Moutter	EX OFFICIO

Board attendance

The table below outlines the number of meetings the Board and its committees held and details the attendance by each member of the relevant Board and committee meetings for the period 1 July 2025 to 30 June 2026. Members are entitled to attend Board committee meetings as observers, and some variations in attendance is due to out-of-cycle meetings.

Member	Board	Investment and Delivery Committee	Public Housing Committee**	Finance, Risk and Assurance Committee	People, Performance and Culture Committee
Simon Moutter	**10 (Chair)**	8	4	5	4
Jenn Bestwick	**9 (Deputy Chair)**	4	4	1	4 (Chair)
John Bridgman	**10**	8 (Chair)	3	4	
Karleen Puriri*	**6**	4	1	2	
Peter Jeffries	**10**	5	2	2	
Ceinwen McNeil	**9**	4	3 (Chair)	5	
Fiona Fountaine	**8**	5		6	
Alan Dent	**9**	5		6 (Chair)	
Meeting total	**10**	**8**	**4**	**6**	**4**

* Karleen Puriri was appointed to the Board on 1 December 2025.

** Disestablished February 2026.

Our Executive Leadership Team

Our Executive Leadership Team during 2025/26 consisted of the following members:[24]

The role of the Executive Leadership Team

The Executive Leadership Team (ELT) ensures that Kāinga Ora remains a tightly connected organisation with good oversight of cross-organisational initiatives and issues and that significant decisions are made with direct alignment to our strategic outcomes.

The ELT meets regularly and provides advice, guidance and decision-making leadership to Kāinga Ora, the Board and its committees relating to strategic direction, investment, planning, policies, frameworks and legal requirements. This includes oversight of organisational risk assessments and mitigation activities.

The ELT is at the head of the internal governance system and is responsible for setting the structure, scope and purpose of the model, including the establishment or disestablishment of its leadership committees to ensure the system is fit for purpose.



Tracey Taylor
CHIEF EXECUTIVE



Pieter Bakker
CHIEF INFORMATION OFFICER



Nick Howcroft
GENERAL MANAGER, URBAN DEVELOPMENT AND DELIVERY



Matthew Hulett
GENERAL MANAGER, DELIVERY TRANSFORMATION



Tracey Kaio
CHIEF PEOPLE AND ASSURANCE OFFICER



Caroline McDowall
GENERAL MANAGER, HOUSING DELIVERY GROUP



Te Ariki Pihama
RINGA RAUPĀ, DEPUTY CHIEF EXECUTIVE MĀORI



Liz O'Neil
CHIEF FINANCIAL OFFICER



Nick Maling
GENERAL MANAGER, NATIONAL SERVICES



Caroline Butterworth
DEPUTY CHIEF EXECUTIVE, AUCKLAND AND NORTHLAND



Daniel Soughtton
DEPUTY CHIEF EXECUTIVE, CENTRAL



Paul Commons
DEPUTY CHIEF EXECUTIVE, SOUTH ISLAND

24. The following members of the Executive Leadership Team left Kāinga Ora during the 2025/26 financial year: Mark Fraser, General Manager, Urban Development and Delivery (8 September 2025); Gareth Stiven, General Manager, Strategy, Finance and Policy (1 October 2025); and Matt Crockett, Chief Executive (17 December 2025).

Over the past year, Kāinga Ora continued to strengthen the capability and effectiveness of the ELT to support organisational change and long-term sustainability. The ELT focused on enhancing enterprise-wide leadership, increasing organisational alignment and ensuring decision making reflected the organisation's strategic priorities and desired customer outcomes. The strengthening of the ELT during the year, including key leadership appointments, further enhanced the organisation's capability to lead change, manage risk and deliver on its strategic objectives.

During the year, Kāinga Ora reviewed its operating model to ensure it remains fit for purpose and positioned to deliver consistent, high-quality outcomes for customers and communities. This review identified opportunities to strengthen integration across customer, operational and support functions while continuing to maintain strong connections with local communities.

As a result, the organisation began implementing changes to bring the leadership of the three place-based groups and the National Services Group together within a single Chief Customer and Operations function from the beginning of 2026/27. This will create a more connected leadership structure, strengthen collaboration across the organisation and support a more consistent and cohesive approach to delivering housing and tenancy services nationwide.

Executive committees

Two executive committees operate as forums for the ELT and other senior leaders to provide governance and direction on critical areas of focus. These committees provide advice and information to the Board and Board committees relating to organisation-wide strategic direction, investment, planning and policies.

Customers and Operations Executive Committee

This committee ensures customers and communities are central to decision making by shaping strategies that reflect their needs, managing tenancy risks and promoting engagement.

Assets and Investments Executive Committee

This committee drives sustainable growth by optimising asset and investment strategies. It shapes housing and urban development policies, sets construction standards and monitors portfolio performance. It also identifies and manages risks to safeguard investments and ensure strategic alignment.

Managing risk, privacy and digital security

Effective risk management enables Kāinga Ora to achieve its strategic objectives and deliver positive outcomes for our customers, communities and stakeholders. Kāinga Ora maintains a Board-approved Risk Management Framework and Risk Appetite Statement that establish a consistent enterprise-wide approach to managing risk. The framework aligns with the principles of ISO 31000:2018 *Risk management – Guidelines* and supports the integration of risk and opportunity considerations into strategic planning, decision making and day-to-day operations.

The Board has overall accountability for risk governance, including oversight of strategic and emerging risks. Executive leaders are accountable for identifying, assessing and managing risk within their areas of responsibility and for ensuring effective controls are in place. Together, these arrangements help ensure risk considerations are integrated into decision making at all levels of the organisation and support a consistent and proactive approach to managing both risks and opportunities.

The Risk Appetite Statement was approved by the Board in November 2025 and supports strategic and operational decision making by defining the type and level of risk the organisation is willing to accept in pursuit of its objectives. It guides decisions relating to investment, service delivery, regulatory obligations and organisational performance. By considering risk appetite alongside our strategic priorities, Kāinga Ora is better able to make informed decisions, manage trade-offs and respond appropriately to opportunities.

We regularly monitor strategic and operational risks, review control effectiveness, assess emerging risks and adapt our responses to changing conditions. This strengthens organisational resilience and helps ensure Kāinga Ora remains well positioned to deliver positive outcomes for customers, communities and stakeholders.

Our approach to privacy

We are committed to protecting the personal information of our customers, their whānau and other stakeholders in accordance with the Privacy Act 2020. Respecting and safeguarding personal information is a core part of how Kāinga Ora operates and is a responsibility shared across the organisation.

Our privacy framework establishes clear policies, standards and guidance to support the appropriate collection, use, storage and sharing of personal information. Training, tools and ongoing awareness activities build understanding and competence of privacy obligations and support a strong culture of privacy awareness and accountability.

We design our services, processes and technology solutions, ensuring privacy considerations are incorporated into our decision-making processes from the outset. This approach helps maintain the trust and confidence of our customers, communities and stakeholders while supporting the effective delivery of our services.

How we manage cybersecurity

As Kāinga Ora continues to rely on digital technologies and information to deliver services and achieve its objectives, protecting information and technology assets remains a critical priority.

Cybersecurity is a shared responsibility across Kāinga Ora. We take a risk-based approach by identifying and assessing cyber threats and vulnerabilities, implementing appropriate controls and monitoring their effectiveness to protect our information, systems and services. The Cybersecurity team continuously monitors the threat landscape, provides advice on emerging risks and supports the organisation to maintain a strong security posture.

Kāinga Ora manages cybersecurity in alignment with New Zealand Government security requirements, including the Protective Security Requirements, the New Zealand Information Security Manual and guidance from the National Cyber Security Centre. Our approach encompasses governance, risk management, information security, organisational resilience and the protection of information and technology assets.

Governance and oversight of cybersecurity are maintained through regular reporting to the ELT and relevant governance committees. Cybersecurity continues to be maintained as a key enterprise risk and is regularly monitored as part of the Kāinga Ora Risk Management Framework. During 2025/26, Kāinga Ora continued to strengthen its cybersecurity capability, improving the overall security posture.

No material cyber incidents affecting service delivery or sensitive information occurred during the year. Where minor incidents were identified, they were managed in accordance with established response procedures. Cybersecurity remains a priority area for investment and continuous improvement to support the integrity, availability and confidentiality of the information entrusted to us.

Organisational health and capability |
Te hauora me ngā pūmanawa o te whakahaere

Strengthening our organisational health, capability and culture

Organisational health is about creating the conditions that help our people do their best work through clear expectations, strong capability and a culture that supports delivery. Aligned with Objective 4 of our strategy, significant effort was invested in Kāinga Ora continuing to strengthen organisational health, capability and culture during the year while continuing to support employees through a period of significant change.

Following organisational resizing, we focused on strengthening accountability, role clarity, decision-making and performance expectations to support long-term organisational performance and better outcomes for customers and communities. Building a culture where expectations are clear, performance is actively managed and people are supported to succeed is critical to improving organisational effectiveness.

A new performance and development framework was implemented, giving all employees clear outcome-based objectives and measures aligned to organisational priorities and reinforcing expectations for delivery, accountability and capability development.

During the year, we refreshed our approach to bringing our values to life, strengthening the connection between Manaakitanga, Mahi Tahi and Whanake and the behaviours, expectations and ways of working that support a high-performing culture.

Building leadership capability remained a key focus, with structured development programmes supporting leaders to lead through change, build high-performing teams and deliver results.

Talent and succession planning was strengthened through the implementation of a unified approach. Strategic workforce planning progressed to ensure the organisation has the capabilities, capacity and workforce profile required to deliver future priorities, while targeted recruitment strengthened leadership capability in key areas supporting major transformation initiatives.

Building Belonging, our Inclusion Strategy, was launched to support an inclusive workplace and strengthen our ability to attract, develop and retain diverse talent. A culture of belonging is central to building a reliably high-performing organisation. When our people feel included and are able to do their best work, it enhances the employee experience and supports better outcomes for our customers and the communities we serve.

We also began our AI journey, providing training and support so our people can safely use AI tools to improve efficiency and service delivery. Alongside this, the first phase of enterprise-wide data literacy learning was introduced to improve data quality, governance and decision-making capability across the organisation.

Looking ahead

Building on the progress made this year, we will implement our enterprise people capability framework and continue to strengthen leadership capability across the organisation. These initiatives will support workforce planning, capability development and the high-performance culture needed to deliver our priorities.

We will also continue to build our AI and data capability through a staged approach that strengthens governance, information foundations and workforce readiness. We will connect with other agencies on the same journey, making sure our approach is in line with public sector guidance on AI usage. This will help position Kāinga Ora to respond to future challenges and opportunities while continuing to improve outcomes for customers and communities.

Collectively, these initiatives are building the capabilities, systems and culture needed to improve organisational performance and support better outcomes for customers, employees and communities.



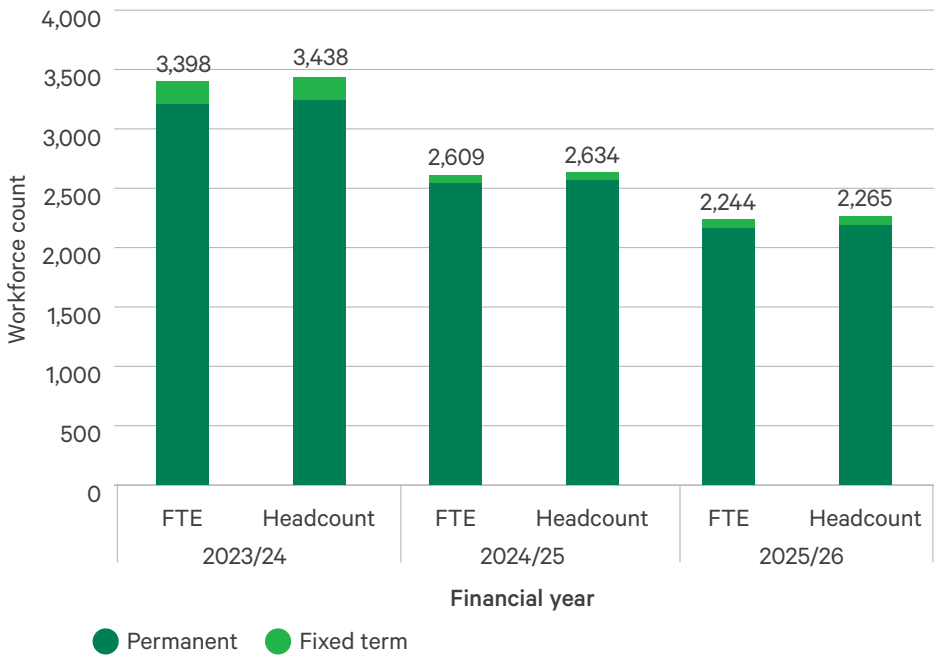
Our workforce

Our workforce continued to evolve over 2025/26 as the organisation focused on its core functions and delivered further efficiencies and cost savings. Together, these changes have strengthened organisational resilience and positioned Kāinga Ora to sustainably deliver on its strategic objectives, enabling us to continue delivering social housing and tenancy services while meeting Government expectations for greater efficiency and reduced costs.

New positions were approved only where they were essential to business needs and aligned with our workforce forecast and target operating model. This approach strengthened workforce accountability, improved role clarity and ensured resources were directed to areas of greatest value and impact.

Clear resourcing expectations were also established to support the Transformation Programme and Technology Modernisation Programme. This provides a pathway to a simpler, more efficient organisation while progressively building the technology capability required for the future and minimising disruption for our people.

Figure 16: Summary of Kāinga Ora workforce – 2023/24 to 2025/26



During the year, Kāinga Ora commenced the transition from a place-based operating model to a nationally integrated operating model while continuing to maintain a strong focus on local needs. This change reflects our commitment to operating as a more connected and efficient organisation with greater alignment across functions and clearer accountability for outcomes. It will strengthen collaboration across Kāinga Ora, support more consistent ways of working and help us deliver better outcomes for customers, our people and the organisation.

Table 6: Overall ethnicity proportions

Overall ethnicity proportion	2022/23	2023/24	2024/25	2025/26
European	51%	51%	49%	50%
Māori	14%	15%	15%	16%
Pacific peoples	18%	18%	20%	20%
Asian	16%	17%	17%	17%
Middle Eastern / Latin American / African	2%	2%	2%	2%
Other ethnicity	4%	4%	4%	4%
Unknown	5%	5%	4%	4%

Table 7: Overall gender proportions

Overall gender proportion	2022/23	2023/24	2024/25	2025/26
Male	38%	39%	39%	39%
Female	61%	61%	61%	60%
Another gender	<1%	<1%	<1%	<1%
Unknown	<1%	<1%	<1%	<1%

Table 8: Leadership tiers 1–3 with direct reports by ethnicity

Overall ethnicity proportions	2022/23	2023/24	2024/25	2025/26
European	82%	82%	82%	84%
Māori	13%	15%	11%	10%
Pacific peoples	2%	2%	1%	1%
Asian	3%	3%	6%	3%
Middle Eastern / Latin American / African	1%	1%	3%	1%
Other ethnicity	5%	5%	4%	3%
Unknown	3%	3%	1%	3%

Table 9: Leadership tiers 1–3 with direct reports by gender

Overall gender proportions	2022/23	2023/24	2024/25	2025/26
Male	57%	58%	60%	51%
Female	43%	42%	40%	49%

Kāinga Ora collects data on up to three ethnicities per person, which allows a good indication of the diversity of our people. Where a person identifies with more than one ethnic group, they are counted once in each of those groups. This results in the total percentage of ethnicities adding up to more than 100 percent. Information relating to our gender-diverse whānau and rainbow communities may be under-represented. We are continuing to strengthen our data collection practices to better understand, reflect and support the diversity of our people.

Table 10: Employees by age

Employees by age	2023/24	2024/25	2025/26
20–29	10%	7%	6%
30–39	30%	30%	29%
40–49	28%	29%	29%
50–59	21%	23%	24%
60+	10%	10%	11%
Unknown	<1%	<1%	1%

Our workforce by region

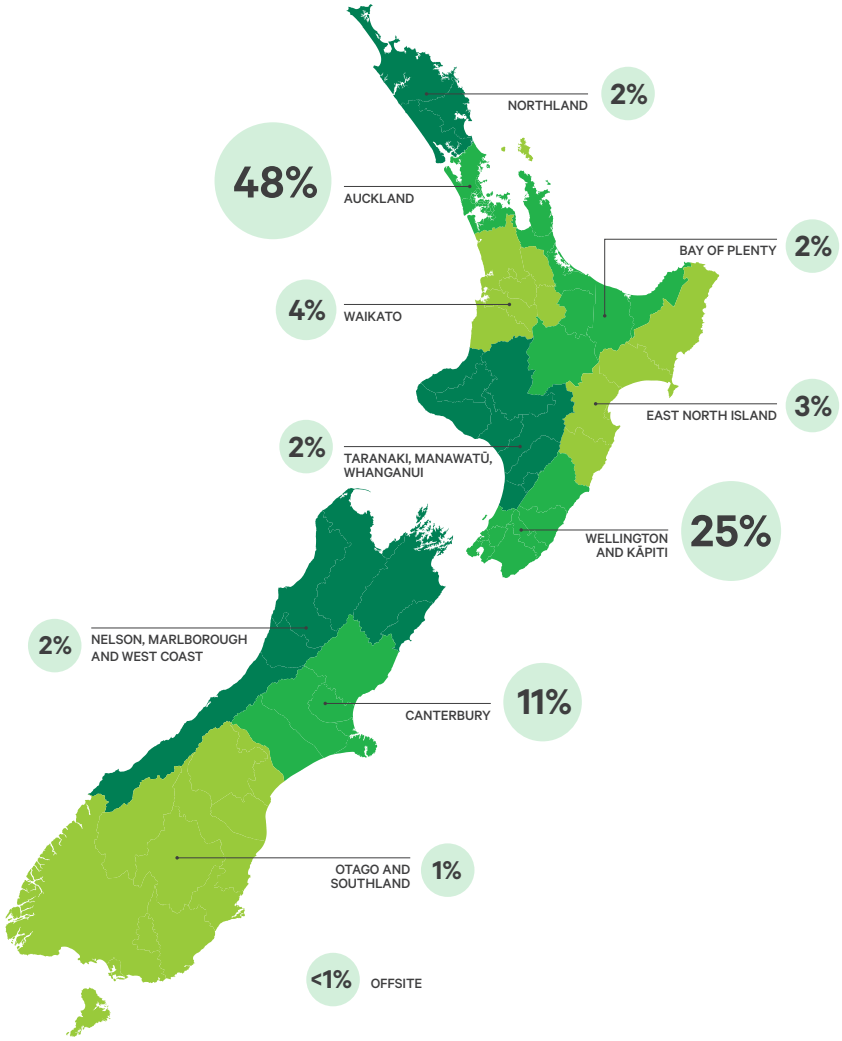
In 2025/26, we managed a portfolio of 78,000 homes across New Zealand. Tenancy management services for our 73,000 social homes were delivered through three place-based groups, each led by a Deputy Chief Executive. Together, these groups comprised 12 regions across New Zealand, with each region led by a Regional Director.

Senior/Housing Support Managers are our frontline employees, each responsible for supporting 125–220 homes and maintaining regular contact with customers through face-to-face and telephone interactions.

During the year, Kāinga Ora commenced the transition from a place-based operating model to a more integrated organisational structure. While regional leadership and a strong focus on local communities will remain, this change will strengthen collaboration across the organisation, improve alignment between related functions and support greater consistency in how we deliver services and outcomes nationwide.

The 12 regions will continue to be led by Regional Directors, preserving local leadership, relationships and community knowledge. The senior leadership of the three place-based groups will be brought together within a new Chief Customer and Operations function early in the new financial year.

Figure 17: Distribution of our workforce (headcount)



Our gender and ethnic pay gaps

We remain committed to reducing our pay gaps and improving representation at all levels of our organisation. More information on what we have achieved during the year is available in our 2025 Diversity, Equity and Inclusion (DEI) Plan. Looking ahead, *Building Belonging* – Our Inclusion Strategy 2026–29 sets our aspirations and priorities for creating a more inclusive workplace and addressing the drivers of pay gaps over the next 3 years.

Table 11: Our gender and ethnic pay gaps

Average pay	2022/23	2023/24	2024/25	2025/26
Female pay gap to average male pay	18.3%	16.8%	15.3%	13.6%
Māori pay gap to average non-Māori pay	10.0%	9.5%	10.3%	10.9%
Pacific peoples pay gap to average non-Pacific peoples pay	28.4%	25.8%	24.5%	23.6%
Asian pay gap to average non-Asian pay	6.1%	5.3%	3.3%	6.1%

Note: These pay gaps differ from the data published in our 2025 DEI Plan, which shows pay gaps as at the end of the 2024 calendar year.

We continue to make progress in reducing some pay gaps. This year, the female pay gap reduced by 1.7 percent and the Pacific peoples pay gap by 0.9 percent. However, the Māori pay gap increased by 0.6 percent and the Asian pay gap by 2.8 percent.

As in previous years, differences in representation across role types, occupational groups and pay levels remain the primary drivers of these gaps. Improving representation across all levels of the organisation remains a key focus of our inclusion and workforce strategies.

Health, safety and organisational resilience

During the year, a Health, Safety and Organisational Resilience (HSOR) business unit was established by bringing together health and safety, emergency preparedness, business continuity, occupational health and protective security into a single strategic function. The business unit was created to strengthen our ability to protect our people, partners, customers and communities while ensuring Kāinga Ora can continue to operate effectively during periods of disruption.

The establishment of HSOR provided an opportunity to assess our health, safety and resilience maturity, which highlighted strengths in existing partnerships and commitment to safety while also identifying opportunities to simplify systems, strengthen assurance and enhance organisational learning.

These insights informed the development of our 4-year improvement programme.

The programme aligns with the organisation's broader strategic change journey and is designed to be proactive and adaptive, supporting business continuity and embedding risk awareness in everyday work.

Our focus over the next 4 years:

- **Aligning with the organisation's broader strategic change** journey to enable a more proactive and adaptive organisation, support business continuity and embed practical, fit-for-purpose health, safety and wellbeing processes that reflect operational realities and support sustainable performance.
- **Establishing strong foundations** by simplifying documentation, strengthening critical risk management and improving core processes.
- **Building organisational capability** by supporting leaders, kaimahi and partners, strengthening our people's engagement, clarifying accountabilities and making better use of technology and data to support decision making.
- **Strengthening assurance and learning** by enhancing assurance of critical controls, improved reporting and using insights from successes and failures to drive improvement.
- **Growing organisational resilience** by strengthening preparedness for emergencies, climate-related disruptions and evolving operational risks. HSOR considerations will be increasingly integrated into asset management, frontline service delivery and organisational planning.

Financial sustainability | Te toitū ahumoni

SPE ref:	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26
Fin_1.1	$18,051	Net operating costs of managing our housing portfolio per housing unit (excludes depreciation)	$18,523	$15,764
	$2,876	• tenancy services	$3,006	$2,477
	$15,175	• renewing and maintaining homes	$15,517	$13,287
Fin_1.2	36%	Earnings before interest, taxes, depreciation and amortisation (EBITDA)[25] as a percentage of total income	37%	46%
Fin_1.3	New measure	Build cost per square metre[26]	$2,980 excluding GST	$2,713 excluding GST
Fin_1.4	New measure	Meet or exceed the key financial objectives as set out in the Reset Plan. This includes:		
		• meet or exceed annual operating deficit	Achieved	Achieved
		• at or below total expenses	Achieved	Achieved
		• within debt limit	Achieved	Achieved

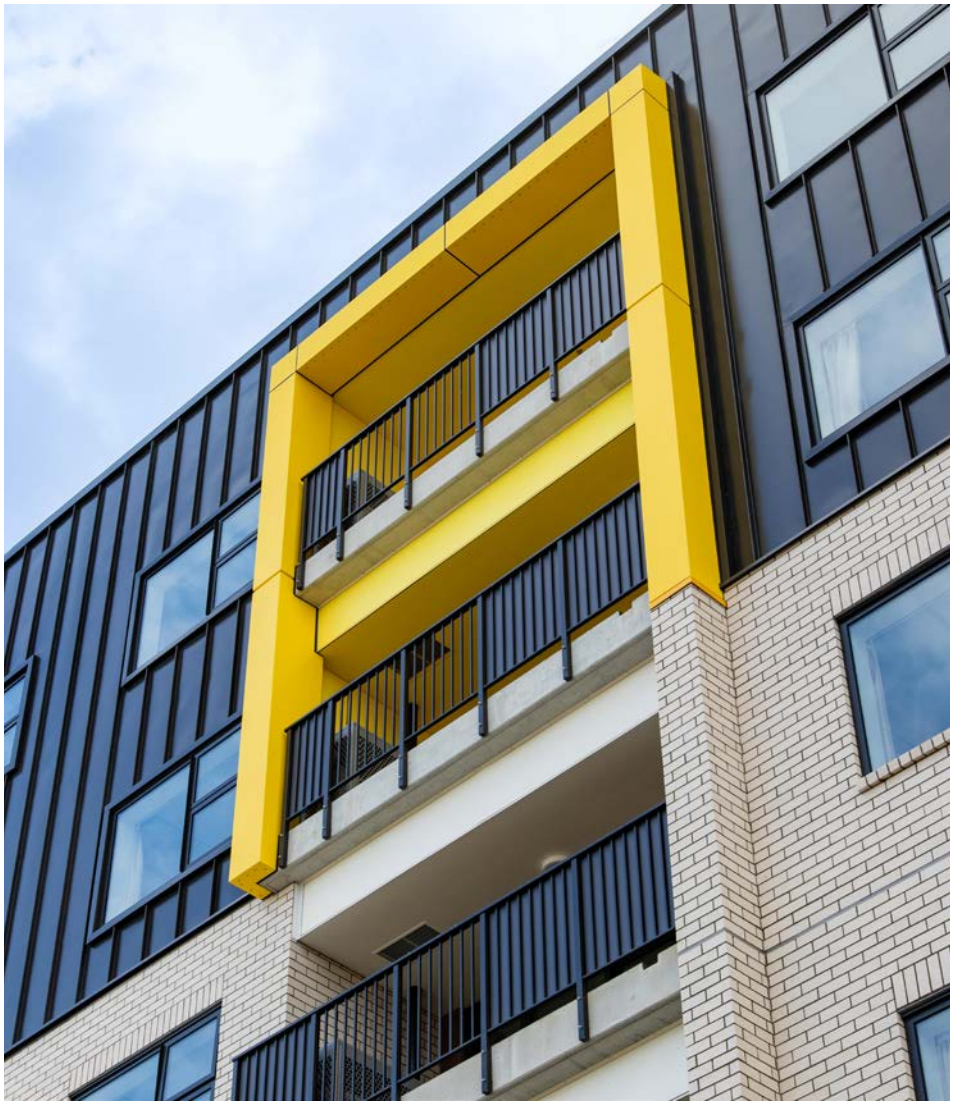
25. Amortisation incorporates asset write-offs, impairments and gains/losses.
26. This measure relates to stand-alone social houses only (it excludes apartments). Build cost per square metre is based on construction costs, including foundations up, consistent with how this is generally discussed in public forums.

Crown appropriations tables | Ngā ripanga tohanga Karauna

Output table: Crown appropriations by Kāinga Ora output class 2025/26

The following tables set out the appropriated funding Kāinga Ora received from the Crown in 2025/26. This funding is shown by appropriation and programme and is aligned with Kāinga Ora output classes.

We are expected to manage the appropriation in line with the overall budget but can offset any overspends or underspends within it between individual programmes as changes occur through the year. This is completed with the involvement and agreement of our monitoring agency to ensure alignment with Ministerial priorities. These tables present the initial budget at the start of the year, which represents either the appropriated amount or the anticipated demand/activity for 2025/26.



Appropriation name and programme	Operating or capital expenditure	Budget $m	Kāinga Ora output classes			
			Output class 1 Actuals $m	Output class 2 Actuals $m	Output class 3 Actuals $m	Output class 4 Actuals $m
			Delivering cost-effective tenancy services that meet the needs of our tenants	Renewing and maintaining our homes	Delivering our large-scale redevelopment projects	Supporting home-ownership initiatives for New Zealanders
Kāinga Ora Home Ownership and Administration						
Mortgage Insurance Scheme (First Home Loan)	Operating	5.740				5.848
Kiwisaver Withdrawal – Administration	Operating	0.184				0.198
Housing Assistance – Administration	Operating	0.644				0.170
Community Owned Rural Rental Housing Loans (CORRL)	Operating	0.045				0.032
Legacy Loan Portfolios	Operating	0.100				0.028
Total Kāinga Ora Home Ownership and Administration		**6.713**	–	–	–	**6.276**
Kāinga Ora – Homes and Communities						
Te Kurutao	Operating	1.684	0.331	0.765	0.099	0.010
Core Urban Development	Operating	3.198			0.942	
Sustainability Initiatives	Operating	3.102	0.229	0.528	0.069	0.007
First Home Partner	Operating	1.495				1.157
Total Kāinga Ora – Homes and Communities		**9.479**	**0.560**	**1.293**	**1.110**	**1.174**
Kāinga Ora Land Programme (MYA)	Operating	6.243			7.386	
Infrastructure Investment to Progress Urban Development (MYA)	Operating	16.370			3.703	
Grand total		**38.805**	**0.560**	**1.293**	**12.199**	**7.450**

Output table: Multi-category appropriations (MCAs) 2025/26

Appropriation name and programme	Operating or capital expenditure	Budget $m	Kāinga Ora output classes			
			Output class 1 Actuals $m	Output class 2 Actuals $m	Output class 3 Actuals $m	Output class 4 Actuals $m
			Delivering cost-effective tenancy services that meet the needs of our tenants	Renewing and maintaining our homes	Delivering our large-scale redevelopment projects	Supporting home-ownership initiatives for New Zealanders
Social Housing MCA						
Community Group Housing Market Rent Top-Up	Operating	22.182		13.891		
Community Housing Rent Relief	Operating	4.100		3.130		
Acquisition and Improvement of Community Group Housing Properties	Capital	5.800		4.881		
Market Rent Top-Up is exempt from Crown performance reporting as the information is unlikely to be informative.						
Services for People in Need of or at risk of Needing Social Housing	Operating	3.733		4.300		
Purchase of Public Housing Provision (Public Housing MCA)	Operating	1,647.175	167.872	1,510.851		
This contains both Kāinga Ora IRRS and regional incentive appropriations.						
Housing Acceleration Fund MCA						
Housing Acceleration Fund – Large-Scale Programmes Capital Expenditure	Capital	–*			8.211	
Investment in Infrastructure to Advance Development-Ready Land (Large Scale Project)	Operating	47.580			7.967	
Total multi-category appropriations		**1,730.570**	**167.872**	**1,537.053**	**16.178**	**–**

* The Housing Acceleration Fund capital drawdown of $8.2 million budgeted for June 2025 was received in July 2025. No net capital drawdown was budgeted for 2025/26.

Output table: Capital appropriations 2025/26

		Kāinga Ora output classes			
		Output class 1 Actuals $m	Output class 2 Actuals $m	Output class 3 Actuals $m	Output class 4 Actuals $m
Appropriation name and programme	**Budget $m**	**Delivering cost-effective tenancy services that meet the needs of our tenants**	**Renewing and maintaining our homes**	**Delivering our large-scale redevelopment projects**	**Supporting home-ownership initiatives for New Zealanders**
Refinancing of Crown borrowings to Kāinga Ora – Homes and Communities	284.717		284.717		
Kāinga Ora – Homes and Communities Private Debt Refinancing Facility (MYA)	–		–		
Kāinga Ora – Homes and Communities Crown Lending Facility (MYA)	1,152.000		100.000		
Progressive Home Ownership Fund (MYA)	0.263				–
Total capital appropriations	**1,436.980**	**–**	**384.717**	**–**	**–**

Vote Housing and Urban Development Estimates of Appropriations measures

Appropriation name	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26	
Kāinga Ora – Homes and Communities	2,730	Number of First Home Loan mortgages underwritten by Kāinga Ora – Homes and Communities	Demand driven up to a maximum of 3,600	4,049	(See note 1)
		Number of potential or established Specified Development Projects (SDPs) that have been facilitated by Kāinga Ora under the Urban Development Act 2020, which may include completing projects in any of the following project stages during the fiscal year:			(See note 2)
	0	• Selection	0	0	
	0	• Assessment	0	0	
	0	• Draft development plan	0	0	
	0	• Independent hearing panel	0	0	
Community Group Housing Market Rent Top-Up	1,468	The performance will be assessed by Kāinga Ora – Homes and Communities support to community group providers by making available up to 1,500 community group housing properties and related housing services	1,500	1,445	
Community Housing Rent Relief	1,468	The performance will be assessed by Kāinga Ora – Homes and Communities support to community group providers by making available up to 1,500 community group housing properties and related housing services	1,500	1,445	
Acquisition and Improvement of Community Group Housing Properties	1,468	The performance will be assessed by Kāinga Ora – Homes and Communities support to community group providers by making available up to 1,500 community group housing properties and related housing services	1,500	1,445	
Housing Assistance	Achieved	Housing assistance subsidies will be paid within invoice terms	Achieved	Achieved	
Kāinga Ora Land Programme	3	Number of priority locations where the Land Programme has made an acquisition since the start of the programme	3	3	(See note 3)

Appropriation name	Actual 2024/25	Performance measure	Target 2025/26	Actual 2025/26	
Housing Acceleration Fund	2,138	The total number of houses enabled	2,087	**4,144**	
	665	• Number of dwellings enabled as a result of the Infrastructure Acceleration Fund	1,300	**3,159**	(See note 4)
	1,473	• Number of new homes enabled on land developed and delivered by Kāinga Ora – Homes and Communities	787	**985**	
Kāinga Ora – Homes and Communities Crown Lending Facility	Achieved	Payments are made in accordance with the terms of the agreement for notified claims	Achieved	**Achieved**	
Kāinga Ora – Homes and Communities Private Debt Refinancing Facility	Achieved	Refinancing will be undertaken in accordance with the agreed appropriation limit	Achieved	**Achieved**	
Refinancing of Crown borrowings to Kāinga Ora – Homes and Communities	New measure 2025/26	Refinancing will be undertaken in accordance with the agreed appropriation limits	Achieved	**Achieved**	(See note 5)

Note 1: The maximum target of 3,600 mortgages reflected previous Crown appropriation funding constraints. As the First Home Loan scheme now operates on a user-pays basis, with underwriting costs substantially recovered from applicates, future targets will be demand driven rather than a fixed cap.

Note 2: The result reflects that no Specified Development Projects (SDPs) were planned for Kāinga Ora facilitation in 2025/26. Accordingly, no SDP completions were achieved against this measure.

Note 3: Number of priority locations where the Land Programme has made an acquisition since the programme commenced. No acquisitions were made in 2025/26 following the Minister of Housing's request in 2024/25 that Kāinga Ora pause further investment in the Land Programme.

Note 4: Administration of the Infrastructure Acceleration Fund was transferred from Kāinga Ora to National Infrastructure Funding and Financing (NIFF) on 1 July 2025. Although responsibility for part of this measure has transferred to NIFF, it continues to be reported in this Annual Report to provide a complete view of performance over the reporting period.

Note 5: This appropriation was transferred from Vote Finance, beginning 2025/26.

Financial statements
Ngā tauākī whakahaere pūtea



Statement of responsibility

Kāinga Ora – Homes and Communities is a Crown Entity operating in accordance with the Kāinga Ora – Homes and Communities Act 2019 and the Crown Entities Act 2004. It has two wholly owned subsidiaries, Housing New Zealand Limited and Housing New Zealand Build Limited, which are Crown entity-controlled companies required to comply with the Companies Act 1993.

The Board is responsible for the preparation of the financial statements and statement of performance, and the judgements used therein. The Board is responsible for any end-of-year performance information provided by Kāinga Ora – Homes and Communities under section 19A of the Public Finance Act 1989.

The Board is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting. In the opinion of the Board, the financial statements and statement of performance for the year ended 30 June 2026 fairly reflect the financial position and operations of Kāinga Ora – Homes and Communities at that date.

For and on behalf of the Board.



Simon Moutter
Chair

29 September 2026



Jenn Bestwick
Deputy Chair

29 September 2026

Statement of comprehensive revenue and expense

For the year ended 30 June 2026

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Revenue from non-exchange transactions				
Rental revenue – Crown income-related rent subsidy		1,682	1,505	1,651
Rental revenue – tenant income-related rent		613	578	607
Crown appropriation revenue	6	40	149	94
Revenue from exchange transactions				
Sale of developments		76	172	254
Rental revenue from tenants at market rent		43	51	70
Interest revenues		15	28	5
Other revenue	6	129	103	94
Total operating revenue		**2,598**	**2,586**	**2,775**
Expenses				
Interest expenses		675	644	749
Depreciation and amortisation		514	498	541
Repairs and maintenance		389	475	476
Rates		320	281	315
People costs	7(a)	273	371	287
Cost of land sold		146	158	252
Third-party rental leases		55	56	54
Other expenses	7(b)	207	304	352
Total expenses		**2,579**	**2,787**	**3,026**
Other gains/(losses)				
(Loss) on asset write-offs	4(b)	(115)	(239)	(118)
Impairment of property under development		(59)	(147)	(55)
Gain/(loss) on divestment of assets		15	(9)	–
Total other losses		**(159)**	**(395)**	**(173)**
Operating surplus/(deficit) before tax		**(140)**	**(596)**	**(424)**
Current tax expense/(benefit)	8	114	39	51
Deferred tax expense/(benefit)	8	(224)	(7)	(79)
Income tax expense/(benefit)		**(110)**	**32**	**(28)**
Net surplus/(deficit) after tax		**(30)**	**(628)**	**(396)**
Other comprehensive revenue and expense				
Items that could be reclassified to surplus/(deficit)				
Hedging reserve gains/(losses)		8	(21)	–
Income tax (expense) on other comprehensive items	8	(2)	6	–
Items that will not be reclassified to surplus/(deficit)				
Revaluation reserve gains/(losses)		(107)	(1,918)	3,018
Income tax (expense)/benefit on other comprehensive items	8	134	322	(38)
Other comprehensive revenue/(expense)		**33**	**(1,611)**	**2,980**
Total comprehensive revenue and expenses		**3**	**(2,239)**	**2,584**

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

Statement of changes in equity

For the year ended 30 June 2026

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Total equity at 1 July		**27,923**	**29,895**	**30,756**
Net surplus/(deficit) for the year		**(30)**	**(628)**	**(396)**
Revaluation of property, plant and equipment				
Revaluation reserve gains/(losses)		(107)	(1,918)	3,018
Deferred tax benefit/(expense) on building revaluations	8	134	322	(38)
Financial assets at fair value through other comprehensive revenue and expense				
Hedging reserve gains/(losses)		8	(21)	–
Deferred tax (expense)/benefit on other comprehensive items	8	(2)	6	–
Total comprehensive revenue and expense for the period		**3**	**(2,239)**	**2,584**
Net capital contributions (to)/from the Crown		13	267	5
Total changes in equity		**16**	**(1,972)**	**2,589**
Total equity at 30 June		**27,939**	**27,923**	**33,345**
Equity attributable to the Crown				
Equity attributable to the Crown at 1 July		4,468	4,201	4,494
Net capital contributions (to)/from the Crown		13	267	5
Equity attributable to the Crown at 30 June		**4,481**	**4,468**	**4,499**

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Retained earnings				
Retained earnings at 1 July		(194)	69	(206)
Surplus/(deficit) for the year		(30)	(628)	(396)
Net transfers from asset revaluation reserve		588	365	306
Retained earnings at 30 June		**364**	**(194)**	**(296)**
Revaluation reserve				
Revaluation reserve at 1 July		23,663	25,624	26,485
Asset revaluations on property, plant and equipment		(107)	(1,918)	3,018
Deferred tax benefit/(expense) on building revaluations	8	134	322	(38)
Net transfers to retained earnings		(588)	(365)	(306)
Revaluation reserve at 30 June		**23,102**	**23,663**	**29,159**
Hedging reserve				
Hedging reserve at 1 July		(14)	1	(17)
Fair value gains/(losses)		8	(21)	–
Deferred tax benefit/(expense) on derivative fair value	8	(2)	6	–
Hedging reserve at 30 June		**(8)**	**(14)**	**(17)**
Total equity at 30 June		**27,939**	**27,923**	**33,345**

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

Statement of financial position

As at 30 June 2026

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Assets				
Cash and cash equivalents	9	289	320	350
Investments	9	194	61	–
Interest rate derivatives	14	6	–	–
Receivables from non-exchange transactions	10(a)	72	83	169
Receivables from exchange transactions	10(b)	366	487	445
Properties held for sale	4(c)	110	61	34
Properties under development		356	373	671
Other assets		17	23	34
Property, plant and equipment	4(a)	46,139	46,328	52,664
Total assets		**47,549**	**47,736**	**54,367**
Liabilities				
Payables and other liabilities from non-exchange transactions	11(a)	80	76	35
Payables and other liabilities from exchange transactions	11(b)	330	412	481
Mortgage Insurance Scheme	12	85	71	91
Interest rate derivatives	14	21	27	31
Income tax payable/(receivable)	8	31	(32)	10
Borrowings – Crown	5	12,348	12,247	13,140
Borrowings – market bonds	5	5,743	5,734	5,740
Deferred tax liability	8	972	1,278	1,494
Total liabilities		**19,610**	**19,813**	**21,022**
Net assets		**27,939**	**27,923**	**33,345**

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Equity				
Equity attributable to the Crown		4,481	4,468	4,499
Retained earnings		364	(194)	(296)
Revaluation reserve		23,102	23,663	29,159
Hedging reserve		(8)	(14)	(17)
Total equity		**27,939**	**27,923**	**33,345**

For and on behalf of the Board, authorised the issue of the financial statements on 29 September 2026.

Simon Moutter
Chair
29 September 2026

Jenn Bestwick
Deputy Chair
29 September 2026

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

Statement of cash flows

For the year ended 30 June 2026

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Cash flows from/(used in) operating activities				
Rent receipts – Crown income-related rent subsidy		1,764	1,438	1,612
Rent receipts – tenant		671	632	672
Crown appropriation revenue		43	106	65
Interest received		15	28	5
Income tax (paid)/received		–	–	(25)
Other receipts		172	145	134
Payments to suppliers and employees		(1,218)	(1,752)	(1,513)
Net cash flows from/(used in) core operating activities		**1,447**	**597**	**950**
Sales of developments		37	84	274
Land development costs		(137)	(181)	(227)
Net cash flows from/(used in) operating activities	**15**	**1,347**	**500**	**997**
Cash flows from/(used in) investing activities				
Investments realised		627	1,332	–
Sale of rental properties and other property, plant and equipment		496	56	457
Mortgage and other lending repayments/(advances)		1	1	–
Purchase of rental property assets		(1,194)	(2,296)	(1,441)
Investments made		(759)	(990)	–
Purchase of other property, plant and equipment		(1)	(1)	(18)
Net cash flows from/(used in) investing activities		**(830)**	**(1,898)**	**(1,002)**

	Notes	Group Actual 2026 $M	Group Actual 2025 $M	Budget Unaudited 2026 $M
Cash flows from/(used in) financing activities				
Capital contribution received		13	267	5
Crown borrowings drawn down		386	3,457	687
Crown borrowings repaid		(285)	–	–
Market bonds repaid		–	(1,925)	–
Interest paid		(662)	(626)	(741)
Net cash flows from/(used in) financing activities		**(548)**	**1,173**	**(49)**
Net cash flows		(31)	(225)	(54)
Opening cash and cash equivalents		320	545	404
Closing cash and cash equivalents	**9**	**289**	**320**	**350**

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

Notes to the financial statements

For the year ended 30 June 2026

1. Reporting entity

Kāinga Ora – Homes and Communities is domiciled and operates in New Zealand. The relevant legislation governing the operations of Kāinga Ora and its subsidiaries Housing New Zealand Limited and Housing New Zealand Build Limited (the Kāinga Ora Group) is the Crown Entities Act 2004 and the Kāinga Ora – Homes and Communities Act 2019. The ultimate parent of Kāinga Ora – Homes and Communities is the Sovereign in right of New Zealand.

Kāinga Ora is New Zealand's largest public housing landlord, providing housing services to more than 200,000 customers through a portfolio of over 78,000 homes.

Kāinga Ora is responsible for the delivery of our funded large-scale projects (LSPs) in Auckland and Eastern Porirua. In collaboration with local councils, these projects upgrade vital infrastructure and unlock land for a mix of social and market housing.

The Kāinga Ora – Homes and Communities Act 2019 and Urban Development Act 2020 set out the key functions of Kāinga Ora and the operating principles to follow when carrying out those functions.

The registered office of Kāinga Ora – Homes and Communities is Level 5, 7 Waterloo Quay, Wellington.

Kāinga Ora – Homes and Communities and its subsidiaries are designated public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice (NZ GAAP). A PBE is defined as "a reporting entity 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".

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

The financial statements for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 29 September 2026.

2. Summary of significant accounting policies

(a) Basis of preparation

The unaudited budget numbers for the financial year 2025/26 are taken from the Statement of Performance Expectations 2025/26 approved by the Board of Directors on 30 June 2025.

The financial statements have been prepared on a historical cost basis except where otherwise stated and are presented in New Zealand dollars, which is the functional currency of the Kāinga Ora Group, and all values are rounded to the nearest million dollars ($M) unless stated otherwise.

The financial statements have been prepared on a going-concern basis, and the accounting policies adopted are consistent with those of the previous financial year except where stated otherwise.

The statement of financial position is presented on a liquidity basis. The Kāinga Ora Group's development business has been largely financed by Crown and market bond issues. Presenting on a liquidity basis provides the users of our financial statements with a faithful representation and more relevant information on the financial statements.

Comparatives

When presentation or classification of items in the financial statements are amended, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so.

(b) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

Notes to the financial statements continued

For the year ended 30 June 2026

(c) New accounting standards and interpretations

All mandatory standards, amendments and interpretations have been adopted in the current year. None have had a material impact on these financial statements.

i. Accounting standards and interpretations issued but not effective and not early adopted

- Amendments to PBE IFRS 17 *Insurance Contracts in the Public Sector* – these amendments are mandatorily effective for periods beginning on or after 1 January 2026. Based on the Group's assessment to date, the amendments are expected to have a minimal effect on the recognition and measurement of the financial statements. The Group will incorporate any required changes when the amendments become effective in the 30 June 2027 financial statements.
- PBE IPSAS 1 *Presentation of Financial Reports* – these amendments are mandatorily effective for Kāinga Ora from the year ending 30 June 2027 (for reporting periods beginning on or after 1 January 2026). The Group has assessed the amendments as having a minimal effect on the financial statements.
- *PBE Conceptual Framework Update* – this update is effective for reporting periods beginning on or after 1 January 2028 and will first apply to the Group in the year ending 30 June 2029. The Group has not yet assessed the impact of these amendments on its financial statements or whether any consequential changes to accounting policies will be required.

(d) Financial assets

The Group uses a range of financial products to manage its cash flows such as term deposits, registered certificates of deposit and hedging derivatives.

These assets are measured in accordance with PBE IPSAS 41 *Financial Instruments*. The measurement of these assets depends on the business model for managing them and their contractual cash flow characteristics.

Financial assets are reclassified if the business model for managing them has changed, which may result in a different measurement model.

i. Financial assets at fair value through surplus or deficit (FVSD)

Financial assets are measured at FVSD if they are held for trading, or if the contractual cash flows are not solely payments of principal and interest. The Group does not currently hold any financial assets at FVSD.

ii. Financial assets at amortised cost

Financial assets measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

Specific financial assets held at amortised cost include the following:

- Cash and cash equivalents – includes funds held at bank and term deposits with original maturities of less than 3 months.
- Mortgages and housing-related lending – includes Housing Innovation Fund mortgage advances and other loan products.
- Receivables – exchange and contractual non-exchange transactions.
- Investments – includes term deposits with original maturities of greater than 3 months.

iii. Financial assets at fair value through other comprehensive revenue (FVOCRE)

Measurement at FVOCRE is for financial assets that are held within a business model whose objective is both to collect contractual cash flows and to sell financial assets. Financial assets measured at FVOCRE include investments comprising of registered certificates of deposit.

iv. Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value.

The Group uses interest rate swaps to manage interest rate risk. Derivatives are designated in either fair value hedge relationships or cash flow hedge relationships where the requirements of PBE IPSAS 41 are met. The Group documents the relationship between the hedging instrument and hedged item and assesses hedge effectiveness on an ongoing basis.

For derivatives designated in fair value hedge relationships, changes in the fair value of both the derivative and the hedged item attributable to the hedged risk are recognised in the surplus or deficit.

Notes to the financial statements continued

For the year ended 30 June 2026

For derivatives designated in cash flow hedge relationships, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive revenue and expense and accumulated in the hedging reserve. Any ineffective portion is recognised immediately in the surplus or deficit.

Derivatives that are not designated in an effective hedge relationship are measured at fair value through surplus or deficit.

v. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost and at FVOCRE in accordance with PBE IPSAS 41.

ECLs are assessed at each reporting date using reasonable and supportable information available without undue cost or effort.

The Group's financial assets are predominantly held with the Crown and registered banks, which are assessed as having low credit risk. Based on this assessment and having considered the nature and composition of the remaining financial assets, any expected credit losses are not considered material. Accordingly, no impairment allowance has been recognised.

The Group reviews the credit quality of counterparties and other relevant information at each reporting date when assessing expected credit losses.

(e) Properties under development

Properties under development include land and buildings being prepared for sale as inventory. They are held at the lower of cost and net realisable value with consideration for impairment conducted annually. Properties under development were impaired by $57 million in 2026 (2025: $147 million) in the statement of comprehensive revenue and expense. Factors considered in the impairment include:

- expected sales price or latest valuation
- costs to date
- costs to complete
- costs to sell.

(f) Employee benefits

Employee benefits include wages and salaries (including non-monetary benefits such as medical, trauma, life and income continuance insurance), annual leave, long-service leave and redundancy and restructuring costs. They are measured as the amounts expected to be paid when the liabilities are settled. A present value model is used for calculating long-service leave in accordance with instructions from the New Zealand Treasury (The Treasury). Employee benefits expected to be settled within 12 months of the balance date are recognised as current liabilities at 30 June 2026. Long-service leave, where entitlements are not vested at balance date, are treated as a non-current liability. Refer to note 7(a) for information on people costs and note 11(b) for information on employee benefits liability.

(g) Leases

The Group enters lease arrangements with respect to rental properties leased from third parties, properties it occupies, motor vehicles and office equipment.

i. Lessee accounting

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Group (a finance lease). Judgement on various aspects is required, including but not limited to fair value of the leased asset, the economic life of the leased asset, whether to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset will be recognised in the statement of financial position as property, plant and equipment whereas no such asset is recognised for an operating lease.

The Group as lessee has exercised its judgement on the appropriate classification of all its leases and determined that they are all operating leases. Lease payments under operating leases are recognised as an expense in surplus or deficit on a straight-line basis over the term of the lease.

Expenses yet to be incurred on non-cancellable operating leases are disclosed as commitments (refer to note 17).

ii. Lessor accounting

Leases in which the Group retains substantially all the risks and rewards incidental to ownership of the leased asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the lease term.

Notes to the financial statements continued

For the year ended 30 June 2026

(h) Significant judgements, assumptions and estimates in applying accounting policies

In the process of applying accounting policies to the preparation of its financial statements, management has identified the following judgements as having the most significant effect on amounts recognised in the financial statements:

i. Classification of non-financial assets as non-cash-generating assets

For the purposes of assessing impairment indicators and impairment testing, the Group classifies its non-financial assets as non-cash-generating assets, including its portfolio of rental properties and property work in progress held for the future provision of social housing. Although cash revenue equivalent to a market rent is generated from rental properties, the revenue comprises income-related rent received from tenants and subsidies received from the Crown, as the primary objective of providing these assets is social housing rather than to generate a commercial return.

As at each balance date, all assets are assessed for impairment by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss.

An asset is classified as cash-generating when it doesn't meet the definition of non-cash-generating.

3. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise Crown borrowings, market bonds, term deposits, registered certificates of deposit and on-call cash. These financial instruments are used to manage liquidity and finance the Group's operations.

The Group's mortgage portfolio is managed in-house and the processes of mitigating losses to the portfolio are monitored via monthly reports.

Derivative instruments include New Zealand dollar interest rate swaps, which are used to manage the interest rate risk on the Group's borrowings.

The Group's other financial instruments are trade debtors, trade creditors and mortgage advances.

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

(a) Interest rate risk

The Group is exposed to interest rate risk through its borrowings, cash investments and derivative financial instruments. The primary exposure arises from long-term debt funding activities.

The Group's policy is to limit the portion of floating rate debt. To achieve this, it has entered into interest rate swaps to convert floating rate to fixed rate borrowings.

Management of interest rate risk will comply with a modified duration range between 3 and 6 years. Management monitors interest rate levels on an ongoing basis and, when appropriate, will lock in fixed rates within Board-approved interest rate risk policy parameters. Interest rate swaps are used to manage exposure to changes in interest rates and to achieve the desired mix of fixed and floating rate debt.

Notes to the financial statements continued

For the year ended 30 June 2026

(b) Interest rate sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at 30 June 2026.

If interest rates had been 1% higher or lower than the year-end market rate, the table below sets out movements in the statement of comprehensive revenue and expense after tax for the year and the equity balance (after tax adjustments) at 30 June.

	2026 ($M)	2025 ($M)
Net surplus higher/(lower)		
Interest rates +1%	(21)	(21)
Interest rates -1%	21	21
Equity higher/(lower)		
Interest rates +1%	39	23
Interest rates -1%	(41)	(24)

The change in net surplus would arise from changes in interest costs on floating rate debt resulting from market interest rates being 1 percent higher or lower than those prevailing at balance date (based on reference to the forward interest rate yield curve as at year end).

The change in equity would arise from changes in the fair value of derivative instruments designated in cash flow hedge relationships, resulting form a 1 percent increase or decrease in the year-end interest rate yield curve.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, resulting in a loss being incurred. Due to the timing of its cash inflows and outflows, surplus cash is invested only with Board-approved counterparties with a specified S&P Global credit rating of A or better (or an equivalent rating agency). The Kāinga Ora Treasury policy limits the amount of credit exposure to any one institution. Maximum credit exposure for the classes of financial instrument is primarily represented by the carrying amount of cash, investments, derivative financial assets, receivables and mortgage advances. There is no collateral held as security against these financial instruments (2025: nil).

Concentration of credit risk exists in relation to investments, but this risk is mitigated by the fact that the counterparties are Board-approved and have a high credit rating (refer to note 3(e)). Other than this, no exposure to any material concentration of credit risk exists as the Group has only a small number of credit customers and has treasury exposure only with the Crown and Board-approved counterparties with specified S&P Global credit ratings.

All individuals/organisations are assessed for creditworthiness and affordability before a mortgage is approved. In addition, receivable balances are monitored on an ongoing basis.

An impairment analysis is performed at each reporting date to measure expected credit losses. The impairment analysis is based on days past due for groupings of various customer segments with similar loss patterns. Where necessary, the calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 13.

Credit quality of financial assets not impaired or not yet due

The Group does not rate its individual debtors as it has a large number of customers with minimal debtor balances. The incidence of default on financial assets not impaired or not yet due is minimal. The Group has no other significant exposure to credit risk from financial assets not impaired or not yet due nor has there been any renegotiation of terms on any of these assets.

(d) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in accessing Crown financing at short notice to meet its financial commitments as they fall due.

The Group has an unsecured bank overdraft facility of $10 million (2025: $10 million) with an interest rate of 5.67% (2025: 6.29%).

The Group has access to a $12.7 billion Crown lending facility, which provides the financing for the Government's housing initiatives. The Group utilised $100 million of this facility in 2026 (2025: $1.45 billion) and retains unutilised facility of $4.9 billion comparative (2025: $5.0 billion). In 2026, the Group was appropriated a separate amount of $285 million to refinance loans that came due for repayment.

The Group's policy is that not more than 25% of borrowings should mature in any 12-month period. As at 30 June 2026, 9.2% of the Group's debt will mature in less than 1 year (2025: 12%).

Notes to the financial statements continued

For the year ended 30 June 2026

As at 30 June 2026, the contractual maturity (undiscounted principal and interest cash flow) of the Group's financial liabilities is as follows.

	0–1 years ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
At 30 June 2026						
Crown borrowings – floating interest rate	460	490	256	345	3,708	**5,259**
Crown borrowings – fixed interest rate	465	388	951	1,127	7,310	**10,241**
Market bonds	1,387	1,013	1,494	1,195	1,191	**6,280**
Accounts payable and other liabilities	410	–	–	–	–	**410**
Interest rate derivatives – net settled	9	4	3	3	3	**22**
Total	**2,731**	**1,895**	**2,704**	**2,670**	**12,212**	**22,212**

	0–1 years ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
At 30 June 2025						
Crown borrowings – floating interest rate	423	458	479	247	3,765	**5,372**
Crown borrowings – fixed interest rate	360	461	383	947	8,324	**10,475**
Market bonds	161	1,387	1,013	1,494	2,371	**6,426**
Accounts payable and other liabilities	488	–	–	–	–	**488**
Interest rate derivatives – net settled	1	–	1	1	–	**3**
Total	**1,433**	**2,306**	**1,876**	**2,689**	**14,460**	**22,764**

Notes to the financial statements continued

For the year ended 30 June 2026

(e) Concentration of risk

The Group has substantial deposits with six different banks that total $194 million (2025: $126 million).

		2026		2025	
		0–1 year ($M)	Credit rating S&P Global/ Moody's	0–1 year ($M)	Credit rating S&P Global/ Moody's
WBCW	Westpac Banking Corporation	35	AA-	25	AA-
ANZNB	ANZ National Bank Limited	29	AA-	23	AA-
ASB	ASB Bank	26	AA-	10	AA-
BNZW	Bank of New Zealand Limited	43	AA-	32	AA-
MUFG	MUFG Bank Limited	36	A	10	A
KIWIBANK	Kiwibank Limited	25	A1	26	A1
		194		**126**	

(f) Ageing of receivables

Ageing analysis and expected credit losses for rental and other receivables as at 30 June

	Neither past due nor impaired ($M)	Past due but not impaired 0–30 days ($M)	Past due vacated impaired 0–30 days ($M)	Impaired 30 days plus ($M)	Total ($M)
At 30 June 2026					
Rent	–	4	–	3	**7**
Damages	–	1	1	10	**12**
Other receivables	193	162	–	5	**360**
Expected credit loss rate	0%	0%	100%	78%	
Expected credit loss	–	–	(1)	(14)	**(15)**
Total	**193**	**167**	**–**	**4**	**364**

	Neither past due nor impaired ($M)	Past due but not impaired 0–30 days ($M)	Past due vacated impaired 0–30 days ($M)	Impaired 30 days plus ($M)	Total ($M)
At 30 June 2025					
Rent	2	5	–	6	13
Damages	–	–	–	6	6
Other receivables	483	2	–	9	494
Expected credit loss rate	0%	0%	0%	67%	
Expected credit loss	–	–	–	(14)	(14)
Total	**485**	**7**	**–**	**7**	**499**

Rental receivables and damages for current tenants that are impaired and past 30 days due are fully provided for as a doubtful debt.

Rental receivables and damages for former tenants that are impaired and past 7 days due are fully provided for as a doubtful debt.

Other receivables are fully provided for when they are past 90 days due (2025: 360 days due) or when it is unlikely the debtor will pay the due amount.

(g) Capital management

The Group's capital is in equity, which comprises accumulated funds contributed by the Crown, retained earnings or losses, revaluation reserves, hedging reserves and fair value reserves. Equity is represented by net assets.

The Group is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities and the use of derivatives.

The Group has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

The Group manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure it effectively achieves its objectives and purpose while remaining a going concern.

There has been no change in the Group's capital management during the year.

Notes to the financial statements continued

For the year ended 30 June 2026

4. Property, plant and equipment

Property, plant and equipment

Revaluation cost

	Rental properties operating assets			Other property, plant and equipment		
	Freehold land ($M)	Rental properties ($M)	Capital work in progress* ($M)	First Home Partner properties ($M)	Other ($M)	Total property plant and equipment ($M)
Year ended 30 June 2026						
At 1 July 2025, revaluation/cost	**27,073**	**17,528**	**1,970**	**153**	**214**	**46,938**
Additions	–	–	1,179	–	5	**1,184**
Capitalisation to property, plant and equipment	472	1,789	(2,261)	–	–	**–**
Divestments, demolitions and write-offs	(66)	(101)	(75)	(13)	(7)	**(262)**
Revaluations	194	(698)	–	–	–	**(504)**
Transfer from/to property, plant and equipment to properties under development	(14)	–	(7)	–	–	**(21)**
Transfer from/to property, plant and equipment to properties held for sale	(343)	(136)	–	–	–	**(479)**
At 30 June 2026, revaluation/cost	**27,316**	**18,382**	**806**	**140**	**212**	**46,856**
Year ended 30 June 2025						
At 1 July 2024, revaluation/cost	**27,333**	**15,358**	**4,128**	**154**	**228**	**47,201**
Additions/adjustment	–	169	2,040	(1)	2	**2,210**
Capitalisation to property, plant and equipment	684	3,361	(4,045)	–	–	**–**
Divestments, demolitions and write-offs	(77)	(106)	(158)	–	(16)	**(357)**
Revaluations	(826)	(1,241)	–	–	–	**(2,067)**
Transfer from/to property, plant and equipment to properties under development	–	–	5	–	–	**5**
Transfer from/to property, plant and equipment to properties held for sale	(41)	(13)	–	–	–	**(54)**
At 30 June 2025, revaluation/cost	**27,073**	**17,528**	**1,970**	**153**	**214**	**46,938**

Notes to the financial statements continued

For the year ended 30 June 2026

Accumulated depreciation

	Rental properties operating assets			Other property, plant and equipment		
	Freehold land ($M)	Rental properties ($M)	Capital work in progress* ($M)	First Home Partner properties ($M)	Other ($M)	Total property plant and equipment ($M)
Year ended 30 June 2026						
At 1 July 2025, accumulated depreciation	**–**	**451**	**–**	**–**	**159**	**610**
Divestments	–	(4)	–	–	(7)	**(11)**
Depreciation charge for the year	–	497	–	–	17	**514**
Revaluation write-back	–	(396)	–	–	–	**(396)**
At 30 June 2026, accumulated depreciation	**–**	**548**	**–**	**–**	**169**	**717**
Year ended 30 June 2025						
At 1 July 2024, accumulated depreciation	**–**	**364**	**–**	**–**	**149**	**513**
Divestments	–	(14)	–	–	(13)	**(27)**
Depreciation charge for the year	–	471	–	–	23	**494**
Revaluation write-back	–	(370)	–	–	–	**(370)**
At 30 June 2025, accumulated depreciation	**–**	**451**	**–**	**–**	**159**	**610**
Net book value 2026	**27,316**	**17,834**	**806**	**140**	**43**	**46,139**
Net book value 2025	**27,073**	**17,077**	**1,970**	**153**	**55**	**46,328**

* Capital work in progress additions/(divestments) are shown net of costs capitalised to freehold land and rental properties during the year.

(b) Asset write-offs/impairment

	2026 ($M)	2025 ($M)
Redevelopment write-offs	105	229
Buildings, improvements and other non-current asset write-offs	5	9
First Home Partner property loss/(gain)	5	1
Loss on asset write-offs	**115**	**239**

Notes to the financial statements continued

For the year ended 30 June 2026

(c) Properties held for sale

Accounting policy

The Group regularly assesses whether properties continue to meet demand in terms of location and functionality. Properties that do not meet those requirements are considered for divestment.

Properties identified as meeting the criteria for classification as held for sale are reclassified accordingly. This classification is applied where the carrying amount of the property will be recovered principally through sale or transfer rather than through continuing use, the property is available for immediate sale in its present condition and a sale or transfer within the next 12 months is highly probable. For a sale or distribution transaction to be highly probable, the asset or group of assets must be available for immediate sale and the Group must be committed to the impending sale or distribution transaction.

Upon classification as held for sale, a non-current asset is measured at the lower of its carrying amount and fair value less costs to sell. Any impairment loss arising from a write-down of the asset to fair value less costs to sell is recognised in surplus or deficit.

Non-current assets classified as held for sale are not depreciated, amortised or revalued while classified as held for sale. Subsequent decreases in fair value less costs to sell are recognised as impairment losses in surplus or deficit. Subsequent increases in fair value less costs to sell are recognised in surplus or deficit to the extent that they reverse previously recognised impairment losses.

As at 30 June 2026, the number of properties held for sale was 250, with a total value of $110 million (2025: 180 properties, and $61 million).

	2026 ($M)	2025 ($M)
Balance 1 July	61	13
Transfers from properties plant and equipment	479	54
Divestments	(430)	(6)
Balance 30 June 2026	**110**	**61**

Accounting policy

Rental property land and buildings

The Group manages 78,294 residential properties (2025: 78,204), from each of which it receives revenue based on a level of rent equivalent to that which the property could be expected to generate in the open rental market. In most circumstances, a portfolio of rental properties would be classified as investment properties. The Crown, however, subsidises the balance between the level of market rent and that deemed affordable from the tenant based on the tenant's level of income. Management therefore considers the prime strategic purpose for holding rental properties is for social housing and as such, according to PBE IPSAS 16 *Investment Property*, they are to be accounted for under PBE IPSAS 17 *Property, Plant and Equipment*.

Housing for community groups and state housing held by the Kāinga Ora Group is recognised at cost upon purchase or completion of construction. Such costs include the cost of repairs and renewals that are eligible for capitalisation according to the recognition principles in PBE IPSAS 17.

Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is recognised in the asset revaluation reserve in other comprehensive revenue and expense, except to the extent that it offsets a previous revaluation deficit for the same asset class that was recognised in the net comprehensive revenue and expense for the year. In such circumstances, the surplus is recognised in the statement of comprehensive revenue and expense for the year.

Any revaluation deficit is recognised in the statement of comprehensive revenue and expense for the year, except to the extent that it offsets a previous revaluation surplus for the same asset class that was recognised in the asset revaluation reserve in other comprehensive revenue and expense. In such circumstances, the deficit is offset to the extent of the credit balance existing in the revaluation reserve for that asset class.

An item of property is derecognised upon divestment or when no future economic benefits or service potential are expected to arise from its continued use. Properties identified for divestment are reclassified as held for sale when the relevant classification criteria are met.

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For the year ended 30 June 2026

Upon divestment, any asset revaluation reserve relating to the asset sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is recognised in the statement of comprehensive revenue and expense in the period the asset is derecognised. The gain or loss on derecognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset.

The Group reviews the useful lives and residual values of its property, plant and equipment annually. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider 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 would impact on the depreciation expense recognised in the statement of comprehensive revenue and expense for the year and the carrying amount of the asset in the statement of financial position.

Depreciation is calculated on a straight-line basis over the estimated useful life of buildings and their components, including chattels, as follows:

Rental properties	10–60 years

The Group applies the following estimates of economic lives to the components of its rental properties:

Buildings	40–60 years
Improvements	25 years
Chattels	10 years

Work in progress

Construction work in progress is recognised at cost less impairment losses (if any). On completion, it will be accounted for as rental property or properties held for sale.

Service concession properties

Service concession arrangements are recognised as assets within property, plant and equipment until the in-service date, at which time they are recognised as a separate asset class. As such, service concession arrangements are accounted for in accordance with PBE IPSAS 17.

First Home Partner properties

The First Home Partner product offered households a means of attaining home ownership through a shared ownership model. The Group administers the scheme on behalf of the Crown and enters into shared ownership agreements with participants in its own name. The Group has received funding from the Crown by way of an interest-free loan (refer to note 5 for further information).

The Group's share of the properties is recognised as property, plant and equipment per PBE IPSAS 17 and measured at revalued amounts. Valuations are conducted by Valocity, with the most recent valuation date being 31 May 2026. Revaluation increases are recognised in the revaluation reserve and profit or loss to the extent that they reverse previous decreases, with decreases recognised in profit or loss to the extent they exceed prior increases.

The funding agreement places restrictions on the use of capital gains and losses arising from the scheme, including requirements regarding their application towards offsetting losses and repayment of the Crown loan.

Valuation

Freehold land and rental properties in the portfolio were revalued as at 30 June 2026 at fair value in accordance with PBE IPSAS 17. The valuation was performed by Quotable Value New Zealand (QV), a company employing registered and qualified valuers, with the principal registered valuer for the valuation being Andrew Parkyn (BCom (VPM), PGDipCom, SPINZ, ANZIV).

Impairment of non-financial assets

The primary objective of the Group from its non-financial assets is to provide social housing rather than to generate a commercial return and consequently it does not hold any material cash-generating assets.

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where an asset's recoverable amount is less than its carrying amount, it is reported at its recoverable amount and an impairment loss is recognised. The total impairment loss is charged against the revaluation reserve to the extent there is revaluation reserve remaining, otherwise it is charged against surplus or deficit. The reversal of an impairment loss is recognised in the

Notes to the financial statements continued

For the year ended 30 June 2026

revaluation reserve, except to the extent it reverses a previous impairment charged against surplus or deficit, that portion is recognised in surplus or deficit.

Right of first refusal for sale of surplus Kāinga Ora – Homes and Communities land

Treaty settlement legislation has granted a right of first refusal (RFR) over some of the Group's properties. This prohibits the divestment or development of RFR land without first giving the relevant iwi/hapū (RFR holder) the right to purchase the RFR land before the land can be divested of to anyone else.

The Kāinga Ora – Homes and Communities Act 2019 (2019 Act) created the Kāinga Ora Group. The RFR obligations owed by Housing New Zealand Corporation passed to Kāinga Ora – Homes and Communities. The 2019 Act also created new Māori interest obligations owed to Māori, including engaging with Māori, upholding the Treaty of Waitangi and its principles, understanding Māori perspectives and recognising and providing for the relationship of Māori with their lands and other taonga. As a result, section 20 of the 2019 Act was introduced and prohibits the Group from exercising the social housing exemption.

Under the Urban Development Act 2020, the RFR obligation was expanded, preventing the Group from initiating, facilitating or undertaking an urban development project on RFR land without first offering the RFR holder the opportunity to undertake the development on specified terms and obtaining the agreement of the RFR holder to the development being undertaken by the Group or anyone else. The RFR obligation does not apply to maintaining or upgrading public housing or a project that is only to develop or redevelop public housing on land owned by the Group.

The broader RFR obligation targets commercial (market) and/or affordable housing being developed on RFR land.

If the RFR land is also former Māori land, a new urban development obligation owed to Māori arises. In much the same way as the development of RFR land by the Group requires the RFR holder's participation and agreement, similarly, former Māori landowners or the hapū associated with the land must be engaged with so that the land is offered for sale back to them or their aspirations incorporated into the development.

The following Acts grant RFR over various Kāinga Ora Group properties:

- Waikato Raupatu Claims Settlement Act 1995
- Port Nicholson Block (Taranaki Whānui ki Te Upoko o Te Ika) Claims Settlement Act 2009
- Ngāti Porou Claims Settlement Act 2012
- Ngāti Toa Rangatira Claims Settlement Act 2014
- Raukawa Claims Settlement Act 2014
- Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014
- Ngāti Apa ki te Rā Tō, Ngāti Kuia, and Rangitāne o Wairau Claims Settlement Act 2014
- Ngāti Kuri Claims Settlement Act 2015
- Ngāi Takoto Claims Settlement Act 2015
- Te Rarawa Claims Settlement Act 2015
- Te Aupouri Claims Settlement Act 2015
- Iwi and Hapū of Te Rohe o Te Wairoa Claims Settlement Act 2018
- Ngāti Rangi Claims Settlement Act 2019
- Ngāti Hinerangi Claims Settlement Act 2021
- Ngāti Maru (Taranaki) Claims Settlement Act 2022
- Maniapoto Claims Settlement Act 2022
- Ngāti Kahungunu ki Wairarapa Tāmaki nui-a-Rua Claims Settlement Act 2022
- Whakatōhea Claims Settlement Act 2024
- Te Korowai o Wainuiārua Claims Settlement Act 2025
- Ngā Hapū o Ngāti Ranginui Claims Settlement Act 2025
- Ngāti Hāua Claims Settlement Act 2026.

Provided the Treaty settlement negotiations with the Crown include RFR legislation acceptable to the Kāinga Ora Group Board, RFR over Kāinga Ora Group properties will be granted to the following iwi:

- Hauraki Collective (Thames, Coromandel)
- Ngā Hapū o Te Iwi o Whanganui (formerly Whanganui Lands – Lower Whanganui)
- Waikato-Tainui remaining claims (Waikato, Auckland Region)
- Te Whānau-a-Āpanui (Ōpōtiki)
- Mōkai Pātea (Taihape/Hunterville).

Notes to the financial statements continued

For the year ended 30 June 2026

In addition, the Crown signed a Deed of Settlement with Ngāti Tūrangitukua in 1998 and agreed that a Deed be signed with the Kāinga Ora Group defining the terms and conditions of an RFR over Kāinga Ora Group properties in Tūrangi. The form of the Deed has yet to be agreed. Properties subject to the RFR are being offered for sale.

Treaty negotiation discussions with other iwi/hapū interested in securing RFR will (with the relevant Board approval) proceed along similar lines.

Other 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 future economic benefits are no longer expected to arise from its use. Any gain or loss is included in the statement of comprehensive revenue and expense for the year in which the item is derecognised. Gain or loss on sale is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

(d) Climate change

Kāinga Ora assesses its climate-related risks on an annual basis. The top risks identified are as follows:

Risk	Likelihood and consequence
Buildings and/or land experience substantial damage from extreme weather events.	It is likely Kāinga Ora could see this risk materialise from the short-term onwards, resulting in repair and recovery costs, asset write-offs, revenue losses and adaptation costs.
Tenant outcomes negatively impacted by extreme weather events affecting properties.	It is likely Kāinga Ora could see this risk materialise for a small proportion of our homes from the short term onwards. This could result in tenant outcomes such as health and wellbeing being negatively impacted, including potential fatalities, injury, illness and degradation to mental health.
Land becomes unviable for residential use because of changing natural hazards policy and mitigation requirements.	It is likely Kāinga Ora could see this risk materialise in the short term. This could result in reduced land and property values, higher development and insurance costs and feasibility constraints that may impact housing targets.

Examples of these risks having a near-term impact on Kāinga Ora financial performance include:

- the potential impact of the new National Policy Statement on Natural Hazards and Auckland Council's Plan Change 120, both of which are likely to affect the ability of Kāinga Ora to redevelop any land/properties that have a flood hazard.
- the potential impact on portfolio values as the market builds flood risk into property prices.

Kāinga Ora has worked with Earth Sciences New Zealand to model the flood risk for our property portfolio, with results reported under SOI 3.3. Climate change is expected to result in increased repair and maintenance costs from weather events in the long term. However, work is underway to develop and cost a long-term strategy to reduce flood risk across our homes.

Notes to the financial statements continued

For the year ended 30 June 2026

5. Borrowings

	Carrying amount	
	2026 ($M)	2025 ($M)
Borrowings – current		
Market bonds (net of discount/premium)	1,240	–
Crown borrowings – floating interest rate	323	285
Crown borrowings – fixed interest rate	95	–
Crown borrowings – First Home Partner (interest free)	14	–
Total borrowings – current	**1,672**	**285**
Borrowings – non-current		
Market bonds (net of discount/premium)	4,503	5,734
Crown borrowings – floating interest rate	3,798	3,838
Crown borrowings – fixed interest rate	7,946	7,938
Crown borrowings – First Home Partner (interest free)	172	186
Total borrowings – non-current	**16,419**	**17,696**
Total borrowings	**18,091**	**17,981**

Accounting policy

Interest-bearing borrowings

All borrowings are initially recognised at the fair value of the consideration received minus transaction costs associated with the borrowing.

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

Inflation-indexed bonds are held at amortised cost in accordance with the above but are also adjusted for the quarterly movement in the consumers price index (CPI). The indexation adjustment is recognised against the carrying value of the bond.

The carrying value of interest-bearing borrowings in effective fair value hedge relationships is adjusted for changes in fair value attributable to the hedged risk. The fair value adjustment is recognised in the statement of comprehensive revenue and expense and offset against the change in fair value of the hedging instrument to the extent that it is effective.

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

The interest expense on financial liabilities measured at amortised cost is accrued using the effective interest rate method.

Notes to the financial statements continued

For the year ended 30 June 2026

Market bonds

Medium-term bonds facility

The Group previously maintained a medium-term bond facility, with an Information Memorandum dated 30 September 2021, for the issue of unsubordinated, unsecured medium-term bonds to wholesale investors. The programme was brought to a close in November 2022.

At 30 June 2026, the Group had on issue medium-term bonds with a face value of $5.4 billion (2025: $5.4 billion). The bonds were issued paying a weighted average fixed rate of interest of 2.67% (2025: 2.67%), with the following maturity dates for the five remaining tranches:

- $1,240 million – October 2026
- $900 million – October 2027
- $1,425 million – October 2028
- $1,150 million – April 2030
- $650 million – September 2035

Inflation-indexed bond

The Group has on issue an inflation-indexed bond with an issue price of $303 million (2025: $303 million), including a premium of $3 million (2025: $3 million). It is paying a quarterly fixed coupon rate of 2.4% pa. The amount repayable on its maturity date in September 2040 will be dependent on the CPI. As at 30 June 2026, the indexed carrying value of the bond is $387 million (2025: $375 million).

Crown borrowings

As at 30 June 2026, the Group has borrowed $12.3 billion from the Crown, with maturity dates ranging from 2026 to 2037 (2025: $12.2 billion maturing from 2025 to 2037).

Interest rates of borrowings from the Crown

	2026		2025	
	Amount ($M)	Rate	Amount ($M)	Rate
Fixed rate	8,041	4.60% (average)	7,938	4.60% (average)
Floating rate	4,121	Linked to 3-month BKBM	4,123	Linked to 3-month BKBM
Interest-free	186		186	–
Total	**12,348**		**12,247**	

The interest-free loan relates to funding received from the Crown to support the First Home Partner Ownership Scheme. The loan is recognised at its face value because the funding is restricted to investment in shared ownership properties and is repayable from proceeds received from participants over the term of the scheme. As the loan does not have the characteristics of a market-based borrowing, its face value is considered to approximate its initial carrying value, and amortised cost reflects this amount over the life of the loan.

The Group has given a negative pledge that, while any Crown borrowing remains outstanding, it will not, subject to certain exceptions, create or permit any charge or lien over any of its assets.

Bank overdraft facility

As at 30 June 2026, the Group had an unsecured bank overdraft facility of $10 million (2025: $10 million) at an interest rate of 5.67% (2025: 6.29%). This facility was not utilised this year (2025: not utilised).

Notes to the financial statements continued

For the year ended 30 June 2026

6. Revenue

Accounting policy

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

Revenue from non-exchange transactions

Revenue from non-exchange transactions is where the Group receives value from another party for which it provides either no or below-market consideration. Revenue from non-exchange transactions is recognised when initial control over the resources is gained as a result of a past event, receipt of future economic benefits or service potential from those resources is expected and the fair value of the assets can be measured reliably.

Revenue generated from non-exchange transactions includes:

- tenant income-related rent and Crown income-related rent subsidy
- Crown operating appropriation and grant revenue.

Revenue from exchange transactions

Revenue from exchange transactions is generated when an exchange of transactions of approximately equal value has occurred between the Group and a third party.

Revenue of the Group from exchange transactions includes:

- revenue from the sale of developments
- rental revenue from tenants at market rent
- lease income
- Mortgage Insurance Scheme premium revenue, including premium subsidies from the Crown
- interest revenue on financial assets
- management fee revenue.

Revenue from non-exchange transactions

(a) Crown appropriation revenue

	2026 ($M)	2025 ($M)
KiwiBuild appropriations	–	3
Appropriations to offset vested Infrastructure	8	69
Other housing-related appropriations	32	68
First Home Grants from Crown appropriations	–	9
Total Crown appropriation revenue	**40**	**149**

Revenue from exchange transactions

(b) Other revenue

	2026 ($M)	2025 ($M)
Lease income	88	82
Management fees from related parties	2	2
Other revenue	39	19
Total other revenue	**129**	**103**

Notes to the financial statements continued

For the year ended 30 June 2026

7. Expenses

(a) People costs

	2026 ($M)	2025 ($M)
Wages and salaries	245	306
Employee benefits	28	65
Total people costs	**273**	**371**

Included in employee benefits costs above are redundancy costs of $3 million (2025: $33 million) in relation to business groups that have been restructured or have started consultation during the year. Expenditure is only recognised in relation to restructuring when a detailed plan is in place and the details of that plan have been communicated with those impacted, creating a valid expectation that the restructure will be carried out.

The amounts above include remuneration for key management personnel (excluding directors). Refer to note 18(d) for key management personnel remuneration.

(b) Other expenses

	2026 ($M)	2025 ($M)
Professional services*	41	50
Computer costs and software maintenance fees	34	42
Insurance	33	39
Other property-related costs	28	31
Demolition costs	25	27
Travel costs	4	5
Property acquisition and development costs	3	11
Other	39	99
Total other expenses	**207**	**304**

* Professional services expenditure is a combination of outsourced business activities (including costs associated with the delivery of new properties) and business improvement activities.

Included in other expenses are the following fees paid to external auditors

	2026 ($M)	2025 ($M)
(i) Amount paid or payable to Ernst & Young (acting on behalf of the Auditor-General) for:		
– Auditing the financial report of the entity and any other entity in the Kāinga Ora Group	0.77	0.81
(ii) Other assurance services		
– Limited assurance over Scope 1, 2 and 3 GHG emissions	0.05	0.05
Total amounts paid or payable to the auditors	**0.82**	**0.86**

Notes to the financial statements continued

For the year ended 30 June 2026

8. Income tax

The major components of income tax expense for the year were as follows.

Income tax expense/(benefit)

Accounting policy

As the tax depreciation rate for residential buildings is 0%, the tax base of the Group's buildings is nil. Therefore, the tax and accounting bases differ for buildings. This only applies to the acquisition of buildings (and to some additions on all buildings) post 1 July 2010.

Deferred income tax is measured on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are amounts of income tax payable in future periods in respect of taxable temporary differences when the carrying amount for financial reporting purposes exceeds its tax base.

Deferred income tax assets are amounts of income tax recoverable in future periods in respect of all deductible temporary differences, carry-forward of unused tax losses or tax credits. The carrying amount of deferred tax assets is reviewed at each balance 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.

	2026 ($M)	2025 ($M)
Net surplus/(deficit)		
Current income tax	101	35
Prior period adjustments	13	4
Deferred income tax relating to temporary differences	(224)	(7)
Income tax expense/(benefit) reported in net surplus/(deficit)	**(110)**	**32**
Statement of changes in equity		
Deferred income tax		
Net change in deferred tax due to revaluation of buildings	(134)	(322)
Net change in deferred tax due to hedged financial derivatives from the Treasury	2	(6)
Income tax expense/(benefit) reported in other comprehensive revenue and expense	**(132)**	**(328)**

The reconciliation between the tax expense recognised in the statement of comprehensive revenue and expense for the year and tax expense calculated on pre-tax accounting profit at the statutory rate is as follows.

	2026 ($M)	2025 ($M)
Accounting surplus/(deficit) before tax from continuing operations	**(140)**	**(596)**
Taxation at the statutory income tax rate of 28%	(39)	(166)
Plus tax effect of:		
Permanent/temporary differences		
Non-deductible expenses	41	82
Deferred tax adjustments in relation to disposal of rental properties	(42)	37
Property under development asset impairment	16	34
Other	(95)	61
Non-deductible losses on disposal of rental properties	(4)	(20)
Prior period adjustments	13	4
Income tax expense/(benefit) reported in net surplus/(deficit)	**(110)**	**32**

Income tax expense/(benefit) reported in the statement of comprehensive revenue and expense is at an effective rate of 79% (2025: (5)%).

Notes to the financial statements continued

For the year ended 30 June 2026

(a) Current income tax liability

	2026 ($M)	2025 ($M)
Net current tax liability/(asset) at 1 July	(32)	(32)
Current year tax charge to net surplus/(deficit)	101	35
Transfer to deferred tax asset	–	(97)
Tax losses utilised	(47)	64
Prior period adjustment	9	(2)
Net current tax liability/(asset) at 30 June	**31**	**(32)**

(b) Net deferred tax liability

	2026 ($M)	2025 ($M)
Deferred tax liabilities		
Rental property building revaluations	890	1,247
Other property, plant and equipment	1	1
Other differences relating to other property improvements	107	110
Gross deferred tax liabilities	**998**	**1,358**
Deferred tax assets		
Tax losses	–	(48)
Provisions – employee entitlements	(8)	(9)
Provisions – other	(15)	(18)
Financial derivatives	(3)	(5)
Gross deferred tax assets	**(26)**	**(80)**
Net deferred tax liability	**972**	**1,278**

The net deferred tax liability movements were as follows.

	2026 ($M)	2025 ($M)
Net deferred tax liability/(asset) at 1 July	1,278	1,574
Recognised through other comprehensive revenue and expense:		
Rental property building revaluations	(134)	(322)
Financial derivatives	2	(6)
Recognised through net surplus/(deficit)		
Divestment of other properties BAU – reversal of deferred tax on cost	(83)	(1)
Deferred tax on temporary differences	(141)	(6)
Prior period adjustment	3	6
Tax losses	47	33
Net deferred tax liability at 30 June	**972**	**1,278**

(c) Imputation credits

	2026 ($M)	2025 ($M)
Imputation credits available for use in subsequent reporting periods	**1,404**	**1,323**

Notes to the financial statements continued

For the year ended 30 June 2026

9. Cash and cash equivalents and investments

	2026 ($M)	2025 ($M)
Cash at bank	289	255
Investments	–	65
Total cash and cash equivalents	**289**	**320**
Short-term investments	194	61
Total investments (excluding cash and mortgage advances)	**194**	**61**
Total cash and cash equivalents and investments	**483**	**381**

Cash and cash equivalents represents cash available for working capital purposes. Other than cash at bank, it includes liquid investments with original maturities of 3 months or less.

Cash at bank earns interest at a floating rate of 2.30% (2025: 3.30%) on the deposits.

Short-term investments comprise term deposits and registered certificates of deposit with maturities of between three and twelve months from the reporting date. Long-term investments comprise term deposits and registered certificates of deposit with maturities of more than twelve months from the reporting date.

The weighted average effective interest rate for term deposits and securities held as at 30 June with original terms of up to 3 months was 2.75% (2025: 2.69%).

10. Receivables and prepayments

(a) Receivables from non-exchange transactions

	2026 ($M)	2025 ($M)
Current receivables from non-exchange transactions		
Rental debtors	19	19
Expected credit losses	(14)	(13)
Rent subsidy	61	68
Subtotal	**66**	**74**
Receivables with related parties	6	9
Other receivables	–	–
Total receivables from non-exchange transactions	**72**	**83**

A provision of $14 million (2025: $13 million) relating to the credit risk associated with rental debtors and the recovery of the cost of damages has been recognised at year end. This equates to 0.6% of the $2.3 billion rental revenue for the year (2025: 0.6% of $2.1 billion).

(b) Receivables and prepayments from exchange transactions

	2026 ($M)	2025 ($M)
Current receivables from exchange transactions		
Land development activity debtors	259	316
Interest receivable	6	(1)
Other receivables	28	98
Expected credit losses	(1)	(2)
Total receivables from exchange transactions	**292**	**411**
Current prepayments from exchange transactions		
Prepayments	74	76
Total prepayments from exchange transactions	**74**	**76**
Total receivables and prepayments from exchange transactions	**366**	**487**

Other receivables relate to loans and advances, and general receivables. An allowance for expected credit losses of $1 million (2025: $2 million) has been provided for this balance.

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For the year ended 30 June 2026

11. Accounts payable and other liabilities

(a) Payables and other liabilities from non-exchange transactions

	2026 ($M)	2025 ($M)
Rent charged in advance	80	76
Total accounts payable and other liabilities	**80**	**76**

(b) Payables and other liabilities from exchange transactions

	2026 ($M)	2025 ($M)
Interest payable	139	119
Accounts payable	44	60
Employee benefits liability	42	64
Project and maintenance accruals	41	89
Other payables and accruals	34	59
Provision for future development costs	30	21
Total accounts payable and other liabilities	**330**	**412**

Accounting policy

Due to their short-term nature, accounts payable and other liabilities are not discounted and are unsecured.

All payables and other liabilities are considered current (due to settle within 12 months of balance date) except for the below.

Provision for future development costs

Future development costs are recognised for large-scale developments where some lots have been sold and are no longer held in properties under development but shared development costs attributable to those lots are yet to be incurred.

Management makes significant judgements when estimating the amount of the provision for future development costs. As a prerequisite for establishing a provision in relation to each development, management needs to determine whether that development site has been sold. All relevant factors are assessed in ascertaining whether the significant risks and rewards of ownership have transferred to the purchaser when determining whether a sale has occurred.

Management estimates future development costs using a model that includes both development-specific costs and a share of site-wide costs. Those costs specific to a particular development are those that provide a direct benefit to that development and typically include construction, landscape design and engineering costs. Site-wide costs are those that are incurred on a total site-wide basis that benefit all developments in the site area and typically include site-wide amenity assets and site-wide remediation. An apportionment of site-wide costs is allocated to each individual development based on the proportion of that development's area to the total site area.

In the year ended 30 June 2026, an increase of $9 million was recognised in the provision based on updated development cost estimates (2025: reduction of $23 million).

Employee benefits liability

Employee benefits liability is made up of outstanding employee benefits, including wages and salaries, annual leave and long-service leave. It also includes a provision for redundancy costs of $6 million (2025: $20 million) in relation to those business groups that have been restructured during the year.

They are measured as the amounts expected to be paid when the liabilities are settled. Of the total employee benefits liability in relation to long-service leave, $4 million (2025: $4 million) is considered non-current, with the remaining considered current.

Refer to note 2(f) for further information on accounting for employee benefits.

Notes to the financial statements continued

For the year ended 30 June 2026

12. Mortgage Insurance Scheme

The Group provides mortgage insurance to seven (2025: 11) commercial lenders for loans issued under the First Home Loan Scheme. The insurance premium is 1.2% of the loan value, which is all paid by the borrower. The total value of amounts originally lent and that remained insured under the scheme at 30 June 2026 was $7.320 billion (2025: $5.430 billion).

The Mortgage Insurance Scheme was assessed at 30 June 2026 by Jeremy Holmes (FNZSA) of Melville Jessup Weaver to ensure that the mortgage insurance liability is sufficient to cover any future claims. The outstanding claims liability is determined at that point and is factored in to determining the total insurance liability.

Accounting policy

A provision is recognised for amounts that may be payable under the Mortgage Insurance Scheme. The carrying value of these guarantees approximates the fair value of the likely amount of payments under the Mortgage Insurance Scheme, which is subjected to an actuarial reassessment each year.

Insurance contract liabilities are recognised when entered into and a premium is charged.

Mortgage Insurance Scheme liabilities include the outstanding claims liability and the unearned premium reserve. The outstanding claims liability is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date irrespective of whether a claim has been reported or not, including related claims-handling costs.

At each reporting date, the Group reviews its unexpired risk, and a liability adequacy test is performed as laid out under PBE IFRS 4 *Insurance Contracts* to determine whether there is any overall excess of expected claims over the unearned premium liabilities.

At all times, the Group holds investments equivalent to at least the total value of Mortgage Insurance Scheme liabilities to meet any claims under the scheme.

(a) Reconciliation of Mortgage Insurance Scheme unearned premium reserve

	2026 ($M)	2025 ($M)
Mortgage Insurance Scheme unearned premium reserve at 1 July	**71**	**60**
Premiums written (to reserve)	28	20
Premiums released (to profit)	(13)	(11)
Actuarially assessed increase/(decrease) in premium reserve	(1)	2
Mortgage Insurance Scheme unearned premium reserve at 30 June	**85**	**71**

(b) Estimated timing of net cash outflows

The estimated timing of net cash outflows arising from claims is less than $1 million per year.

(c) Mortgage insurance risk

The principal risk under insurance contracts is that the actual timing of claims and claims payment differs from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims.

The Group does not reinsure its risk through third parties.

Although 97% of the original value of settled loans as at 30 June 2026 is with four banks (Kiwibank, Southland Building Society, The Co-operative Bank and Westpac), there is no material concentration of risk at individual mortgage holder level.

(d) Sensitivity analysis

The actuarial assessment of the Mortgage Insurance Scheme includes an assessment of the sensitivity of the valuation to changes in the valuation assumptions.

This is completed separately for the assessment of unearned premiums and the assessment of claims risk, which collectively make up the unearned premium/claims reserve balance. The sensitivities measured produced variations of less than $1 million (2025: less than $1 million) for changes of 1% in unemployment rate projections and interest discount rates and changes of 10% in housing inflation.

Notes to the financial statements continued

For the year ended 30 June 2026

(e) Liability adequacy test

At each reporting date, an assessment is made of whether the recognised insurance liabilities are adequate. The liability value is adjusted to the extent that it is insufficient to meet future claims and expenses.

The discount rates used were risk-free rates based on spot rates provided by the Treasury with an average of 5.19% (2025: 5.35%).

The actuarial assessment of the liability adequacy test for the Mortgage Insurance Scheme as at 30 June 2026 was $5 million (2025: $1.40 million).

A risk margin was used in calculating the present value of the expected future payments for claims incurred as at 30 June 2026 of 37% (2025: 42.3%) to allow for the inherent uncertainty in the central estimate.

The premium liabilities based on the liability adequacy test for the year ended 30 June 2026 was $5 million (2025: $1 million).

(f) Outstanding claims liability

The outstanding claims liability relates to the future cost of claims already incurred. Any loan estimated to have defaulted in the period prior to the valuation date is included as part of the outstanding claims liability.

As at 30 June 2026, the total outstanding claims liability and its components are less than $2 million (2025: less than $1 million) and therefore the detail of these has not been provided.

(g) Claims history

Actual claims under the Mortgage Insurance Scheme are lower than those projected by the actuarial assessment at the 75% level (2025: 75% level).

The date on which a bank first advises that a loan is in arrears is treated as the date for determining when a claim has been incurred.

The projected claims liability at 30 June 2026 was $1.6 million (2025: $0.49 million). Actual claims for the year ended 30 June 2026 was $0.9 million (2025: $0.07 million).

The total of claims paid out under the Mortgage Insurance Scheme from the start of the scheme in July 2003 to 30 June 2026 was $14.1 million (to 30 June 2025: $13.2 million).

13. Categories and fair value of financial assets and liabilities

Financial instruments measured at fair value are valued using observable market inputs, including quoted market prices and market interest rate curves. Registered certificates of deposit are valued using observable market interest rate curves (derived from BKBM market rates) to discount contractual cash flows. Interest rate swaps are valued using observable market interest rate curves to project and discount future cash flows. As the significant inputs used in the valuation are observable, all financial instruments measured at fair value are classified as Level 2 within the fair value hierarchy (2025: Level 2). There were no transfers between levels during the year (2025: no transfers).

The fair value gain or loss for each category of financial instrument is less than $1 million and is therefore not disclosed separately. An exception applies to interest rate swaps, for which the carrying value represents the cumulative fair value gain or loss, and to market bonds in a fair value hedge relationship, which are discussed further below.

The expected credit loss allowance on financial assets measured at amortised cost was nil (2025: nil) as any expected losses were assessed as immaterial.

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

Notes to the financial statements continued

For the year ended 30 June 2026

	Carrying value 2026 ($M)	Carrying value 2025 ($M)
Financial assets at amortised cost		
Cash and cash equivalents	289	255
Receivables (exchange and non-exchange)	438	574
Short-term investments	158	60
Mortgage advances	7	9
Total financial assets at amortised cost	**892**	**898**
Financial assets at fair value through other comprehensive revenue and expense		
Cash and cash equivalents – investments	–	61
Short-term investments – registered certificates of deposit	35	–
Total financial assets at fair value through other comprehensive revenue and expense	**35**	**61**
Derivative financial instruments designated in hedging relationships		
Derivative assets – in cash flow hedge relationships	6	–
Derivative liabilities – in cash flow hedge relationships	(17)	–
Derivative liabilities – in fair value hedge relationships	(4)	7
Total derivative financial instruments designated in hedging relationships	**(15)**	**7**
Financial liabilities measured at amortised cost		
Market bonds (net of discount/premium)	5,743	5,734
Crown borrowings – fixed interest rate	8,041	7,938
Crown borrowings – floating interest rate	4,121	4,123
Crown borrowings – First Home Partner*	186	186
Accounts payable and other liabilities	410	488
Total financial liabilities measured at amortised cost	**18,501**	**18,469**

* Further information on the measurement of Crown borrowings – First Home Partner can be found at note 5.

The table above includes bonds with a carrying value of $301 million (2025: $298 million) that are financial liabilities measured at amortised cost but are in a fair value hedge relationship. While they are measured at amortised cost, the carrying amount of the bond is adjusted for the change in fair value attributable to the hedged risk.

Accrued interest is included within receivables and within accounts payable and other liabilities.

For all categories of financial assets and liabilities, the carrying value approximates fair value, except for the following.

	Outstanding loan balance		Fair value	
	2026 ($M)	2025 ($M)	2026 ($M)	2025 ($M)
Financial assets				
Mortgage advances	8	10	7	9
Total	**8**	**10**	**7**	**9**

Notes to the financial statements continued

For the year ended 30 June 2026

14. Interest rate derivatives

Accounting policy

The Group uses interest rate swaps to hedge the interest rate risk associated with its interest-bearing bonds. All derivatives are entered into with the Crown and have been designated as hedging instruments.

The table below shows the carrying amount and fair value movements of hedging instruments.

	2026 ($M)			2025 ($M)		
	Nominal amount	Asset/ (liability)	Change in fair value during the period	Nominal amount	Asset/ (liability)	Change in fair value during the period
Cash flow hedges						
Interest rate derivatives – Crown borrowings	850	6	6	–	–	–
Interest rate derivatives – Crown borrowings	1,136	(17)	3	922	(20)	(21)
Fair value hedges						
Interest rate derivatives – Market bond	300	(4)	3	300	(7)	14

The table below shows hedged items in fair value hedge relationships.

	2026 ($M)			2025 ($M)		
	Carrying amount	Cumulative fair value hedge adjustments	Fair value movement during the period	Carrying amount	Cumulative fair value hedge adjustments	Fair value movement during the period
Market bond	299	12	(6)	296	18	(18)

Interest rate derivatives are included within the "Interest rate derivatives" line in the Statement of Financial Position. Crown borrowings are included within the "Borrowings - Crown" line and market bonds are included within the "Borrowings - Market bonds" line in the Statement of Financial Position.

All of the Group's cash flow hedge relationships were fully effective during the financial year. Gains and losses arising from the effective portion of those hedges were recognised in the cash flow hedge reserve. For fair value hedge relationships, the net fair value movement is recognised in other expenses in the Statement of Comprehensive Revenue and Expense.

The table below shows the maturity analysis of interest rate derivatives at 30 June 2026.

	0–1 year ($M)	1–2 years ($M)	2–3 years ($M)	3–5 years ($M)	5+ years ($M)	Total ($M)
Kāinga Ora – year ended 30 June 2026						
Interest rate derivatives in cash flow hedge relationships	(7)	(4)	(1)	(2)	(3)	**(17)**
Interest rate derivatives in fair value hedge relationships	(2)	–	(2)	(1)	–	**(5)**
Net settled interest rate derivatives	**(9)**	**(4)**	**(3)**	**(3)**	**(3)**	**(22)**
Kāinga Ora – year ended 30 June 2025						
Interest rate derivatives in cash flow hedge relationships	(1)	(5)	(4)	(3)	(1)	**(14)**
Interest rate derivatives in fair value hedge relationships	(3)	(1)	(1)	(1)	(1)	**(7)**
Net settled interest rate derivatives	**(4)**	**(6)**	**(5)**	**(4)**	**(2)**	**(21)**

Notes to the financial statements continued

For the year ended 30 June 2026

Notional principal amounts and period of expiry of interest rate swap contracts in effect at 30 June were as follows.

	2026 ($M)	2025 ($M)
Cash flow hedge		
0–1 year	36	36
1–2 years	200	36
2–3 years	200	150
3–5 years	700	200
5+ years	850	500
Total notional principal of cash flow hedges	**1,986**	**922**
Fair value hedge		
2–3 years	300	–
3–5 years	–	300
Total notional principal of fair value hedges	**300**	**300**
Total notional principal	**2,286**	**1,222**

The interest rate swaps in cash flow hedge relationships pay a weighted average fixed rate of interest of 3.68% (2025: 3.90%) and receive a variable rate equal to the 90-day BKBM. The interest rate swap in a fair value hedge relationship pays a floating rate equal to the 90-day BKBM and receives a fixed rate of 3.42%.

Accounting policy

The fair value movement of swaps in cash flow hedge relationships attributable to the hedged risk (other than any ineffective portion) are recognised in other comprehensive revenue and expense under hedging reserve gains/(losses). The fair value movement of swaps in fair value hedge relationships attributable to the hedged risk and the fair value movement of the underlying hedged item are offset and recognised directly in the statement of comprehensive revenue and expense under other expenses.

Movement in interest rate swap contracts and cash flow hedge reserve

	2026 ($M)	2025 ($M)
Balance at 1 July	**(14)**	**1**
Fair value movement of interest rate swaps included in other comprehensive revenue and expense	8	(21)
Hedging reserve deferred tax	(2)	6
Balance at 30 June	**(8)**	**(14)**

No amounts relating to the fair value movement of interest rate swaps in cash flow hedge relationships were reclassified to the statement of comprehensive revenue and expense during the year. The amount included in other comprehensive revenue and expense is shown under hedging reserve gains/(losses).

Notes to the financial statements continued

For the year ended 30 June 2026

15. Reconciliation of statement of comprehensive revenue and expense after tax with cash flows from operating activities

	2026 ($M)	2025 ($M)
Net surplus/(deficit) after tax	**(30)**	**(628)**
Adjustments for non-cash items and non-operating activities:		
Depreciation and amortisation	514	498
Asset impairments and write-offs	174	386
Taxation expense/(benefit)	(109)	32
Other non-cash items and non-operating items		
Interest payments	675	645
Other	25	(36)
Total non-cash and non-operating items	**1,279**	**1,525**
(Increase)/decrease in receivables	197	(166)
Increase/(decrease) in accounts payable and other liabilities	27	(103)
Increase/(decrease) in tax liabilities	(113)	30
(Increase)/decrease in Inventory	(13)	(158)
Total working capital movements	**98**	**(397)**
Net cash from operating activities	**1,347**	**500**

16. Changes in liabilities arising from financing activities

2026	30 June 2025 $M	Cash inflows/ (outflows) $M	Non-cash changes* $M	30 June 2026 $M
Short-term borrowings	2,232	(2,218)	1,658	1,672
Long-term borrowings	15,749	2,319	(1,649)	16,419
Assets held to hedge long-term borrowings	–	–	(6)	(6)
Liabilities held to hedge long-term borrowings	27	–	(6)	21
Total liabilities from financing activities	**18,008**	**101**	**(3)**	**18,106**

2025	30 June 2024 $M	Cash inflows/ (outflows) $M	Non-cash changes $M	30 June 2025 $M
Short-term borrowings	2,146	86	–	2,232
Long-term borrowings	14,380	1,369	–	15,749
Assets held to hedge long-term borrowings	(3)	–	3	–
Liabilities held to hedge long term borrowings	23	–	4	27
Total liabilities from financing activities	**16,546**	**1,455**	**7**	**18,008**

* Non-cash changes primarily relate to the reclassification of bonds from long-term to short-term borrowings.

Notes to the financial statements continued

For the year ended 30 June 2026

17. Commitments and contingencies

(a) Operating lease commitments – Kāinga Ora Group as lessee

The Group enters into operating leases for premises it occupies and for its motor vehicles and office equipment. These leases have an average term of 3–6 years with renewal options included in the contracts.

There are no restrictions placed upon the lessee by entering into these leases. The amounts disclosed as future commitments are based on current lease payments.

Expenses yet to be incurred on non-cancellable lease agreements that have been entered into as at balance date are disclosed as operating lease commitments.

Future minimum rentals payable under non-cancellable operating leases as at 30 June were as follows.

	2026 ($M)	2025 ($M)
Within 1 year	59	56
After 1 year but not more than 5 years	113	104
More than 5 years	103	117
Total	**275**	**277**

(b) Operating lease commitments – Kāinga Ora Group as lessor

The Group has entered into property leases for its property portfolio.

There were no new non-cancellable leases executed by the Group during the financial year (2025: nil).

(c) Capital commitments

At 30 June 2026, capital commitments amounted to $1,137 million (2025: $1,338 million) for property projects.

(d) Lending commitments

At 30 June 2026, the Group had no lending commitments approved but not yet paid (2025: nil).

(e) Contingencies

Accounting policy

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements (unquantifiable liability). Contingent liabilities, including unquantifiable liabilities, are disclosed if the possibility that they will crystallise is more than remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Housing New Zealand Limited (HNZL)

The Crown has provided a warranty in respect of title to the assets transferred to HNZL. HNZL was incorporated into the Kāinga Ora Group as a subsidiary in 2001 as part of the legislated consolidation of government housing functions.

The Crown has indemnified HNZL against any breach of this warranty. In addition, the Crown has indemnified HNZL against third-party claims that are a result of acts or omissions prior to 1 November 1992. It has also indemnified the directors and officers of HNZL against any liability arising from the assets not complying with statutory requirements, provided it is taking steps to rectify any non-compliance.

Kainga Ora Land Programme

The contingent liability relates to Kāinga Ora's obligation to purchase land under a Land Supply Agreement with a land developer, while the contingent asset arises from the developer's obligation to buy back up to 50% of the land purchased by Kāinga Ora under the same agreement. These contingent asset and liability positions were not recorded in FY25, as the agreement only became unconditional later in the financial year. The key change from the prior year therefore reflects the agreement reaching an unconditional status. As at 30 June 2026, the contingent asset was valued at $85.5 million and the contingent liability at $141.2 million.

While there are currently no identified potential financial impacts arising from these arrangements, some uncertainty remains as the full business case for the contract is scheduled to be submitted to the Minister and Cabinet for approval in FY27.

Notes to the financial statements continued

For the year ended 30 June 2026

18. Related-party disclosure

The Group's financial statements include the financial statements of Kāinga Ora – Homes and Communities and the Crown entity subsidiaries listed in the following table.

(a) Crown entity subsidiaries

Name	Country of incorporation	2026	2025	Investment 2026 ($M)	Investment 2025 ($M)
Housing New Zealand Limited	New Zealand	100%	100%	3,646	3,646
Housing New Zealand Build Limited	New Zealand	100%	100%	887	887
				4,533	**4,533**

In addition to the table above, there are 60 million uncalled $1 shares in Housing New Zealand Build Limited at 30 June 2026.

(b) Other related parties

The Group administers the Housing Agency Account (HAA) as an agent of the Crown under the Housing Act 1955. As at 30 June 2026, the balance of the total amount owed to the Group by the HAA was $4.0 million (2025: $3.1 million).

In its capacity as agent for the HAA, the Group manages the rental income and expenses of the HAA's rental properties. No fee is charged for this service.

In the year to 30 June 2026, the Group provided management services to the HAA. A management fee of $2 million (2025: $2 million) was charged by the Group for these services. No management fee has been charged for other services provided to the HAA as this requires ministerial approval under the Housing Agency Accountability Agreement.

From 1 July 2025, administration of the HAA Buying off the Plans initiative (part of the KiwiBuild programme) transferred to the Ministry for Cities, Environment, Regions and Transport.

(c) Terms and conditions of transactions with related parties

Outstanding balances as at both 30 June 2026 and 30 June 2025 were unsecured, with settlement being in cash. There have been no guarantees provided or received for any related party receivables. Based on their excellent payment history, no expected credit losses relating to amounts owed by related parties have been necessary at 30 June 2026. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(d) Key management personnel

Key management personnel are defined as senior management of the Group and all directors. During the year ended 30 June 2026, there were a total of 20 key management personnel (2025: 22 key management personnel).

Key management personnel compensation

The table below shows the number of key management personnel and the remuneration paid to key management personnel for the year ended 30 June 2026.

	2026 FTEs	2025 FTEs	2026 ($000)	2025 ($000)
Board members				
Remuneration			580	470
Full-time equivalent members	8	9		
Leadership team				
Remuneration			5,497	7,254
Full-time equivalent members	12	13		
Total key management personnel remuneration			**6,077**	**7,724**
Total full-time equivalent personnel	**20**	**22**		

Notes to the financial statements continued

For the year ended 30 June 2026

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

Remuneration information of Kāinga Ora Group Board members

	2026 ($)	2025 ($)
Current directors		
Simon Moutter	123,754	98,000
John Bridgman	68,065	53,844
Jenn Bestwick	77,346	56,341
Ceinwen McNeil	65,726	52,242
Alan Dent	68,065	50,319
Peter Jeffries	61,877	47,492
Karleen Puriri	40,581	–
Former directors (date of resignation)		
John Duncan (November 2024)	–	28,269
Arihia Bennett (October 2024)	–	11,685
Fiona Fountaine (June 2026)	61,877	47,492
	567,291	**445,684**

Remuneration information of Kāinga Ora Group independent committee members

	2026 ($)	2025 ($)
Current committee members		
Lale Ieremia (Investment and Delivery Committee member)	12,815	24,500
	12,815	**24,500**

Directors' and officers' insurance

The Group acquired directors' and officers' liability and professional indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees.

The total annual premium for this insurance was $366,030 (2025: $372,080).

Notes to the financial statements continued

For the year ended 30 June 2026

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

	2026	2025
$100,001–$110,000	86	129
$110,001–$120,000	253	293
$120,001–$130,000	73	97
$130,001–$140,000	307	390
$140,001–$150,000	57	110
$150,001–$160,000	206	258
$160,001–$170,000	21	52
$170,001–$180,000	84	105
$180,001–$190,000	85	109
$190,001–$200,000	40	76
$200,001–$210,000	22	32
$210,001–$220,000	45	63
$220,001–$230,000	9	19
$230,001–$240,000	23	41
$240,001–$250,000	16	15
$250,001–$260,000	6	17
$260,001–$270,000	1	7
$270,001–$280,000	18	19
$280,001–$290,000	2	9
$290,001–$300,000	3	5
$300,001–$310,000	–	4
$310,001–$320,000	2	2
$320,001–$330,000	2	4
$330,001–$340,000	–	2
$340,001–$350,000	–	1
$350,001–$360,000	1	1
$360,001–$370,000	–	1
$370,001–$380,000	1	–
$380,001–$390,000	1	2
$410,001–$420,000	2	1
$420,001–$430,000	2	4
$440,001–$450,000	–	2
$450,001–$460,000	1	1
$470,001–$480,000	–	1
$480,001–$490,000	1	1
$490,001–$500,000	1	–
$540,001–$550,000	–	1
$560,001–$570,000	1	–
$630,001–$640,000	–	1
$810,001–$820,000	–	1
Total employees with remuneration of $100,000 and over	**1,372**	**1,876**

The table above represents amounts paid to employees during the year.

Where remuneration bands are not shown in the table above, this represents that no employees were paid within those bands during the current or previous financial year.

During the year ended 30 June 2026, 408 employees (2025: 480) received benefits in relation to cessation, totalling $16,900,957 (2025: $19,256,572).

20. Events subsequent to balance date

There were no subsequent events identified after 30 June 2026.

Notes to the financial statements continued

For the year ended 30 June 2026

21. Comparison analysis

(a) 2026 significant variations from budget

The unaudited budget figures reported in these financial statements are the financial performance targets that were included in the Kāinga Ora Statement of Performance Expectations 2025/26.

The operating financial performance before tax was $284 million upside to budget while the full-year capital expenditure of $1.3 billion was better than budget by $356 million.

The capital expenditure upside was largely due to the following:

- Home build upside primarily due to lower redevelopment home deliveries following an approved change in delivery mix, including a higher proportion of Acquire New homes deliveries than budgeted, and the rephasing of some home deliveries into 2026/27. Savings from transformation initiatives also contributed to the upside.
- Maintenance and retrofit upsides were attributable to delivery of the savings programme and a shift in planned maintenance programme mix.

(b) Statement of comprehensive revenue and expense

Operating revenue ($177 million lower than budget)

With full-year total operating revenue of almost $2.6 billion, the downside to budget of $177 million was primarily from lower sales of developments (timing) and one-off adjustments for land sales reversals. Rental revenue was largely on budget.

Operating expenses ($447 million lower than budget)

Operating expenses upside to budget were attributable to continued strong delivery of cost-saving initiatives in line with our Transformation programme. This included additional savings in repairs and maintenance costs reflecting efficiencies from enhanced maintenance strategies and processes, lower-than-budgeted FTE and reduced discretionary expenditure. Lower cost of land sold (with corresponding reduced revenues) also contributed to reduced operating expenses. Interest expense was lower than budget due to a reduced debt funding.

Other gains/(losses) of $159 million was $14 million better than budget primarily driven by upsides in gains/(losses) on disposal of assets.

(c) Statement of Financial Position

Total assets of $47.5 billion, a $6.8 billion downside to budget, was primarily due to lower-than-budgeted rental property revaluations at year end. For the year ended 30 June 2026, actual revaluations resulted in a $107 million loss compared to the budget assumption of a $3.0 billion gain based on economic forecasts. Total assets were also lower due to reduced capital expenditure during the year and the flow-on effect of the prior year's revaluation loss, which resulted in a lower opening asset balance for 2025/26.

Total liabilities of $19.6 billion, a $1.4 billion upside to budget, primarily due to lower debt required to finance our capital programme as the result of our better operating performance, capital cost savings and timing of home deliveries. The other main contributor was deferred tax liability being lower than budget due to lower asset revaluations.

(d) Statement of Changes in Equity

The total equity on 30 June 2026 was $27.9 billion, $5.4 billion lower than budget, primarily driven from movements in the revaluation reserve.

(e) Statement of Cash Flows

Net cash inflows from operating activities were $350 million upside to budget, primarily driven by lower payments to suppliers and employees due to operating savings achieved and higher rent receipts. This upside was partly offset by higher net payments for land development activities due largely to lower sales levels than budget.

Net cash outflows from investing activities was $172 million upside to budget due to a combination of lower purchase of rental property assets (fewer homes delivered with some home deliveries rephasing into 2026/27 and cost-saving initiatives), higher short-term investments made during the year and lower corporate spend in other property, plant and equipment (fleet optimisations and timing of spend).

Net cash outflows from financing activities of $548 million, $499 million higher than budget, was primarily due to $586 million lower Crown debt drawdowns and lower interest paid, both the result of less debt funding required.

Overall closing cash and cash equivalents is $61 million lower than budget primarily driven by lower financing needed, a result of less cash required to fund the capital programmes combined with better operating cash inflows.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Kāinga Ora – Homes and Communities Group financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Kāinga Ora – Homes and Communities Group (the "Group" or "Kāinga Ora"). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements and performance information on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the Group that comprise the consolidated statement of financial position as at 30 June 2026, the consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity, and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information on pages 83 to 118; and
- the performance information that consists of the statement of performance of the Group for the year ended 30 June 2026 on pages 51 to 59.

In our opinion:

- The consolidated financial statements of the Group present fairly, in all material respects, its consolidated financial position as at 30 June 2026, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with Public Benefit Entity Standards.
- The performance information of the Group is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods and Public Benefit Entity Standards, and presents fairly, in all material respects, the Group's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the statement of performance expectations for the year.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor section* of our report.

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

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

Independent Auditor's Report continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and performance information of the current year. These matters were addressed in the context of our audit of the consolidated financial statements and performance information as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements and performance information section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements and performance information. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and performance information.

Description of key audit matter	How we addressed this matter
Valuation of Rental Property Operating Assets	
The Group's rental property operating assets have a recorded fair value of $45.2 billion, accounting for 95% of total assets. To determine the fair value of these assets at each balance date, the Group engages an external registered valuer. In accordance with PBE IPSAS 17 Property, Plant and Equipment, the properties are valued based on their 'highest and best use'. The external valuer uses market-based evidence to value a sample of properties that are physically inspected. These valuations help the valuer assess market value changes by geographic area. Due to the similarity of assets within the portfolio, the valuer applies an indexation approach to estimate the market value of properties that were not directly inspected. Given the judgmental and subjective nature of the valuation, combined with its significance to the consolidated financial statements, this area is a key focus of the audit.	In obtaining sufficient appropriate audit evidence, we: • Tested the information provided to the external valuer for consistency with the information held in the Group's fixed asset register for a sample of assets. • Assessed the competence, capabilities and objectivity of the external valuer. • Considered and challenged the highest and best use assumption applied for the assets, in particular in relation to areas where the Group has demolished rental housing stock and has a plan to redevelop land to accommodate higher density housing units. • Held discussions with the external valuer and management and obtained an understanding of the methodology and assumptions adopted for the properties that have significant valuation uncertainty. • Engaged our internal real estate valuation specialists to: – assess the results of a sample of valuations of inspected properties, including the methodology and assumptions used;

Independent Auditor's Report continued

Description of key audit matter	How we addressed this matter
Disclosures related to rental property operating assets are detailed in Note 4.	– compare a sample of individual property values to available independent databases of market value; and – consider whether the indexation applied to the remaining property portfolio was an appropriate valuation methodology and had been correctly applied to a sample of properties. • Tested a sample of costs capitalised during the year against the criteria in PBE IPSAS 17 *Property, Plant and Equipment* to assess whether they were capital in nature. • Performed a recalculation of the movement recorded in the revaluation reserve. • Assessed the adequacy of the disclosures relating to property plant and equipment. As a result of the above procedures, we considered the valuation techniques and key assumptions reasonable in forming our opinion on the consolidated financial statements as a whole.
Properties under Development	
The Group has continued its involvement in the preparation of land for development. Properties intended for future development with a high probability of sale to the private sector are classified as "properties under development" in accordance with PBE IPSAS 12 *Inventories*. As of 30 June 2026, the total value of properties under development amounted to $356 million. Inventory must be recorded at the lower of cost or net realisable value. For properties under development, net realisable value is determined by estimating the expected selling price and deducting the anticipated costs to prepare the land for sale as well as the costs associated with the sale itself. Estimating these values involves significant judgment due to uncertainties surrounding future selling prices and development costs.	In obtaining sufficient appropriate audit evidence, we: • Assessed whether, for a sample of land parcels, the criteria for recognition as inventory had been met. • Considered the carrying value of a sample of properties under development to consider whether they were held at the lower of cost and their assessed net realisable value. • Understood the process of estimating future costs to complete the development prior to sale and agreed a sample of future costs to approved business cases. • Assessed the nature of a sample of project costs against the requirements of IPSAS 12 *Inventories* to determine if the costs met the criteria to be recorded as inventory. • Assessed whether, for a sample of land parcels, the total estimated costs had been apportioned to specific properties on an appropriate basis.

Independent Auditor's Report continued

Description of key audit matter	How we addressed this matter
Disclosures related to properties under development are detailed in Note 2.	• Assessed the adequacy of the disclosures relating to properties under development. As a result of the above procedures, we considered the results satisfactory in forming our opinion on the consolidated financial statements as a whole.
Performance Reporting against Statement of Performance Expectations	
The Group is mandated by the Crown Entities Act 2004 to assess and report its performance based on the measures and targets outlined in its Statement of Performance Expectations. Central to its responsibilities is the provision of tenant services aimed at prioritising wellbeing and offering high-quality, warm, dry and healthy homes. Reporting on these achievements, aligned with performance expectations set through negotiations between the Kāinga Ora Board and relevant Ministers, forms a crucial part of its accountability framework. Given the importance of reporting significant non-financial performance measures against the expectations detailed in the Statement of Performance Expectations, which reports the Group's progress in meeting its key obligations, this represent a key focus of our audit. Information related to performance reporting is included in the statement of performance.	In obtaining sufficient appropriate audit evidence, we: • Identified performance measures that in our view are significant to ensuring the performance reporting provides a sufficiently complete and balanced view of the Group's performance against expectations contained in the Statement of Performance Expectations. • Understood the processes the Group has in place to seek to capture service performance information in relation to significant performance measures in a consistent and accurate manner. • Tested supporting evidence on a sample basis for performance measures that we considered to be significant. This included inspection of supporting documentation, re-performance of calculations and testing the integrity of underlying data. • Assessed the presentation of all performance measures for appropriateness and completeness against our knowledge of the Group's financial performance, operations and performance framework. • Tested the integrity of the Output Activity costings attributed to each output. • Assessed the performance disclosures in the annual report against the requirements of the Crown Entities Act 2004 and PBE FRS 48 *Service Performance Reporting*. As a result of the above procedures, we considered the results satisfactory in forming our opinion on the performance information as a whole.

Independent Auditor's Report continued

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

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

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of performance, in accordance with the Group's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

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

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

The Board Member's responsibilities arise from the Crown Entities Act 2004 and the Kāinga Ora – Homes and Communities Act 2019.

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

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

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

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

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

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

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

Independent Auditor's Report continued

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- We obtain an understanding of the process applied by the group to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.
- We evaluate whether:
  - the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and
  - the performance information is prepared in accordance with the Group's measurement bases or evaluation methods, and presents fairly, in all material respects in accordance with generally accepted accounting practice in New Zealand for each class of reportable outputs;
    - » the actual performance of the Group as compared with the forecast standards of performance included in the group's statement of performance expectations for the financial year; and
    - » the actual revenue earned and output expenses incurred as compared to the expected revenues and the proposed output expenses included in the Group's statement of performance expectations for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Independent Auditor's Report continued

Other information

The Board Members are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements, the performance information consisting of the statement of performance and our auditor's report thereon.

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

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

Independence

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

In addition to the audit, we ave carried out a limited assurance engagement over the Greenhouse Gas Emissions inventory, which is compatible with the independence requirements. Other than this engagement and the audit, we have no relationships with, or interests, in the Group.



Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

29 September 2026

HOUSING AGENCY ACCOUNT
TE PŪRONGO Ā-TAU ANNUAL REPORT 2025/26

Financial statements
Ngā tauākī whakahaere pūtea

HOUSING AGENCY ACCOUNT

Statement of responsibility

The Housing Agency Account is administered by Kāinga Ora – Homes and Communities on behalf of the Crown. It does not form part of the Kāinga Ora Group.

The Board of Kāinga Ora – Homes and Communities is pleased to present the financial statements and performance information of the Housing Agency Account for the year ended 30 June 2026.

a) The Board is responsible for the preparation of the financial statements, performance information 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 and performance information.

c) In the opinion of the Board, the financial statements for the year ended 30 June 2026 fairly reflect the financial position, financial performance and service potential of the Housing Agency Account at that date.

For and on behalf of the Board of Kāinga Ora – Homes and Communities



Simon Moutter
Chair
Kāinga Ora – Homes and Communities

29 September 2026



Jenn Bestwick
Deputy Chair
Kāinga Ora – Homes and Communities

29 September 2026

HOUSING AGENCY ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2026

	Notes	2026 ($000)	2025 ($000)
Revenue			
Revenue from non-exchange transactions			
Reversal of provision for underwrite of Kiwibuild properties	12	–	2,998
Rental revenue – Crown income-related rent subsidy		692	661
Rental revenue – tenant income-related rent		349	340
Crown appropriation income	2	–	945
Total revenue from non-exchange transactions		**1,041**	**4,944**
Revenue from exchange transactions			
Interest income		2,009	3,936
Other income		691	127
Total revenue from exchange transactions		**2,700**	**4,063**
Total revenue		**3,741**	**9,007**

	Notes	2026 ($000)	2025 ($000)
Expenses			
Management fee		2,000	2,000
Other operating expenses	4	339	1,312
Property maintenance		261	735
Depreciation		275	345
Total expenses		**2,875**	**4,392**
Other gains/(losses)			
NRV write-back/(write-down) on Land under development	3	915	2,377
Gains/(losses) on sale of properties		–	(10)
Total other gains/(losses)		**915**	**2,367**
Net operating surplus/(deficit)		**1,781**	**6,982**
Other comprehensive revenue and expense			
Revaluation reserve gains/(losses)		(190)	(599)
Total comprehensive revenue and expense		**1,591**	**6,383**

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

HOUSING AGENCY ACCOUNT

Statement of changes in equity

For the year ended 30 June 2026

	Notes	2026 ($000)	2025 ($000)
Total equity at 1 July		**234,860**	**172,577**
Net operating surplus/(deficit)		1,781	6,982
Revaluation reserve gains/(losses)		(190)	(599)
Total comprehensive revenue and expense for the period		**1,591**	**6,383**
Capital transactions with the Crown			
Transfer of net assets to Ministry for Cities, Environment, Regions and Transport	15	(74,946)	–
Capital contribution from the Crown		–	55,900
Total capital transactions with the Crown		**(74,946)**	**55,900**
Total changes in equity		**(73,355)**	**62,283**
Total equity at 30 June		**161,505**	**234,860**

	Notes	2026 ($000)	2025 ($000)
Equity attributable to the Crown			
Opening balance		260,290	204,390
Transfer of equity to Ministry for Cities, Environment, Regions and Transport		(74,946)	–
Capital contribution from the Crown		–	55,900
Closing equity attributable to the Crown		**185,344**	**260,290**
Retained earnings			
Opening retained earnings		(37,850)	(44,832)
Net transfers from asset revaluation reserve on disposal		86	–
Net operating surplus/(deficit)		1,781	6,982
Closing retained earnings		**(35,983)**	**(37,850)**
Revaluation reserve			
Opening revaluation reserve		12,420	13,019
Revaluation reserve gains/(losses)		(190)	(599)
Net transfers to Retained earnings		(86)	–
Closing revaluation reserve		**12,144**	**12,420**
Total equity at 30 June		**161,505**	**234,860**

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

HOUSING AGENCY ACCOUNT

Statement of financial position

As at 30 June 2026

	Notes	2026 ($000)	2025 ($000)
ASSETS			
Current assets			
Cash at bank		80,618	78,960
Land under development	5	60,956	133,845
Receivables	6	998	5,638
GST receivable		91	11
Total current assets		**142,663**	**218,454**
Non-current assets			
Land under development	7	15,734	15,663
Property, plant and equipment	8,9	20,090	20,615
Total non-current assets		**35,824**	**36,278**
Total assets		**178,487**	**254,732**

	Notes	2026 ($000)	2025 ($000)
LIABILITIES			
Payables and other liabilities	10,11	6,866	7,658
Provisions	12	10,116	12,214
Total liabilities		**16,982**	**19,872**
Net assets		**161,505**	**234,860**
EQUITY			
Equity attributable to the Crown		185,344	260,290
Retained earnings		(35,983)	(37,850)
Revaluation reserve		12,144	12,420
Total equity		**161,505**	**234,860**

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

For and on behalf of the Board:

Simon Moutter
Chair
Kāinga Ora – Homes and Communities
29 September 2026

Jenn Bestwick
Deputy Chair
Kāinga Ora – Homes and Communities
29 September 2026

HOUSING AGENCY ACCOUNT

Statement of cash flows

For the year ended 30 June 2026

	Notes	2026 ($000)	2025 ($000)
Cash flows from operating activities			
Interest received		1,957	3,936
Crown operating appropriation receipts		4,579	1,033
Rent receipt		1,156	1,032
Receipts from sale of developed assets		–	288
Other income		406	37
Inter-entity receipts/(payments)		922	(10,529)
Interest paid and bank charges		–	(152)
Management fee paid		(2,000)	(2,000)
Other payments to suppliers		(951)	(1,981)
Development costs paid		(999)	(7,999)
Purchases of inventory		(274)	(55,462)
Net cash flows from operating activities		**4,796**	**(71,797)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(25)	(295)
Net cash flows from investing activities		**(25)**	**(295)**
Cash flows from financing activities			
Capital contributions from the Crown		–	51,321
Return of capital not utilised	15	(3,113)	–
Net cash flows from financing activities		**(3,113)**	**51,321**
Net cash flows		1,658	(20,771)
Opening cash and cash equivalents		78,960	99,731
Closing cash and cash equivalent		**80,618**	**78,960**

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

HOUSING AGENCY ACCOUNT

Notes to the financial statements

For the year ended 30 June 2026

1. Statement of accounting policies

Reporting entity

The Housing Agency Account (HAA) is administered by Kāinga Ora – Homes and Communities (Kāinga Ora), acting as an agent of the Crown under the Housing Act 1955. The Housing Act empowers Kāinga Ora to give effect to decisions of the Crown relating to the acquisition, development and disposal of land and the acquisition of assets for state housing purposes. HAA does not form part of the Kāinga Ora Group.

HAA has designated itself as a public benefit entity (PBE) for financial reporting purposes. PBEs are 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 to support that primary objective rather than to provide a financial return to equity holders.

The financial statements for the year ended 30 June 2026 were authorised for issue by the Board of Directors of Kāinga Ora on 29 September 2026.

Accounting standards and interpretations

(i) Accounting standards and interpretations issued but not yet effective and not early adopted

The following accounting standards and amendments have been issued but are not yet effective and have not been early adopted by HAA:

- **Amendments to PBE IFRS 17 *Insurance Contracts in the Public Sector*.** These amendments are effective for annual reporting periods beginning on or after 1 January 2026. As HAA does not have insurance contracts, the amendments are not expected to have any impact on HAA's financial statements.
- **PBE IPSAS 1 *Presentation of Financial Reports*.** This standard is effective for annual reporting periods beginning on or after 1 January 2026. HAA has not yet assessed the full impact of applying this standard on its financial statements.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with, and comply with, Tier 2 PBE Standards Reduced Disclosure Regime (RDR). HAA has applied, the PBE Standards RDR because its total expenses are less than $33 million and it does not have public accountability as defined in XRB A1 *Application of the Accounting Standards Framework*.

Basis of preparation

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

The financial statements comprise the statement of financial position, statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The financial statements have been prepared on a historical cost basis, except where otherwise stated in the relevant accounting policies. The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Comparatives

When presentation or classification of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures have been reclassified to ensure consistency with the current period unless it is impracticable to do so.

During the current year, HAA has revised presentation of inventories and properties held for sale to land under development. The classification is based on the expected timing of realisation. Comparative balances and related disclosures have been updated to conform with the current year's presentation. The change is a reclassification only and does not affect the measurement of inventories, total assets, net assets or surplus/(deficit).

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

Significant judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and contingent liabilities.

Management continually evaluates its judgements and estimates. These are based on historical experience and other factors, including reasonable expectations of future events. The resulting accounting estimates form the basis for determining the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Rental properties

HAA revalues rental properties on an annual basis. Fair value is determined by market-based evidence from independent valuers Quotable Value New Zealand.

In performing the valuation, the entire portfolio has not been individually inspected. A market indexation approach has been adopted for the remaining uninspected portfolio due to the homogeneous nature of the portfolio. The 'highest and best use' scenario was used in the property valuation.

Impairment of plant and equipment and land under development

HAA's primary objective in holding its non-financial assets is to develop land for housing rather than to generate a commercial return.

Land under development is measured at the lower of cost and net realisable value and is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable service amount. The asset is written down to its recoverable service amount, and the impairment loss is recognised in surplus or deficit.

A reversal of an impairment loss is recognised in surplus or deficit when there has been a change in the estimates used to determine the asset's recoverable service amount.

Provision for future development costs

Management exercises significant judgement in estimating the provision for future development costs. As a prerequisite to recognising a provision for a development, management must determine whether the related development site has been sold. In making this assessment, management considers all relevant facts and circumstances to determine whether the significant risks and rewards of ownership have transferred to the purchaser.

Future development costs are estimated using a model that incorporates both development-specific costs and an allocation of site-wide costs. Development-specific costs are those that directly benefit a particular development and typically include construction, landscaping, design and engineering costs. Site-wide costs are incurred for the benefit of the overall development area and typically include amenity assets, remediation works and infrastructure or public access assets such as coastal walkways.

Site-wide costs are allocated to individual developments based on the proportion of each development's area relative to the total developable site area.

At each reporting date, the provision for future development costs is reassessed using the latest available information. This involves updating key assumptions and estimates within the development cost model and considering development costs incurred to date, current business plans and assessments by internal and external experts regarding the costs required to complete both the individual development and the wider site development.

Estimation of useful lives of assets

HAA reviews the useful lives and residual values of its property, plant and equipment at least annually.

Determining the appropriate useful lives and residual values of property, plant and equipment requires judgement and involves considering factors such as the physical condition of the assets, expected patterns of use, technological developments and estimated disposal proceeds.

Changes in estimates of useful lives or residual values may affect the depreciation expense recognised in surplus or deficit and the carrying amounts of assets recognised in the statement of financial position.

Estimates of future monetary amounts are expressed in nominal dollars and do not incorporate assumptions about future inflation.

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

Kiwibuild – transfer of Kāinga Ora's role as agent of the Crown for the Buying off the Plans initiative

In December 2024, as part of its consideration of the Kāinga Ora Turnaround Plan, Cabinet agreed to transfer the Kiwibuild Buying off the Plans (BOTP) initiative to the Ministry for Cities, Environment, Regions and Transport (MCERT) by 1 July 2025.

Following this decision, Kāinga Ora's appointment as agent of the Crown for the BOTP initiative, including all associated agency responsibilities, ceased on 30 June 2025. Accordingly, all remaining funds and other assets held within HAA in relation to the BOTP initiative were transferred to MCERT on 1 July 2025.

Revenue

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

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions is where HAA receives value from another party for which it provides either no or below-market consideration. Revenue from non-exchange transactions is recognised when initial control over the resources is gained as a result of a past event, receipt of future economic benefits or service potential from those resources is expected, there are no conditions attached to the resources gained and the fair value of the assets can be measured reliably.

Revenue generated from non-exchange transactions is represented below.

Crown income-related rent subsidy and tenant income-related rent

Income-related rent subsidy received from the Crown and income-related rental revenue received from tenants is recognised on a straight-line basis over the term of the lease.

Crown operating appropriations

HAA receives revenue from the Crown as operating appropriations. Crown appropriation revenue is received to reimburse the expenses incurred by operating programmes associated with Crown land.

All Crown appropriation revenue is recognised when the right to receive the asset has been established.

(ii) Revenue from exchange transactions

Revenue from exchange transactions is generated when an exchange of transactions of approximately equal value has occurred between HAA and a third party.

The following represents the revenue from exchange transactions.

Interest income

Interest revenue on bank balances is recognised as it accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its gross carrying amount.

Accounts receivable

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses (ECLs).

HAA applies the simplified approach to measuring ECLs. Under this approach, a loss allowance is recognised based on lifetime ECLs at each reporting date. Lifetime ECLs are estimated using a provision matrix based on historical credit loss experience, adjusted for current conditions and forward-looking factors specific to the debtors and the broader economic environment.

A receivable is considered credit impaired when there is objective evidence of impairment. Indicators of impairment include significant financial difficulty of the debtor and default or delinquency in payments.

Receivables are written off when there is no reasonable expectation of recovery.

Receivables are classified as current assets except for those expected to be realised more than 12 months after the reporting date, which are classified as non-current assets.

Accounts payable and other liabilities

Accounts payable and other liabilities are initially recognised at fair value and subsequently measured at amortised cost. Due to their short-term nature, they are not discounted.

Accounts payable and other liabilities represent obligations for goods and services provided to HAA before the end of the reporting period that have not yet been paid. These liabilities are recognised when HAA becomes obliged to make future payments for those goods and services.

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

The amounts are unsecured and are generally settled within 30 days of recognition.

Accounts payable and other liabilities are classified as current liabilities unless settlement is expected to occur more than 12 months after the reporting date, in which case they are classified as non-current liabilities.

Provision for future development costs

HAA estimates the future development costs expected to be incurred for each precinct. A provision for future development costs is recognised when the sale of a property is recognised and represents the estimated costs required to complete the development activities associated with that property.

The net movement in the provision during the year is recognised within net gains or losses on sale of properties in the statement of comprehensive revenue and expense.

The portion of the provision expected to be utilised within 12 months of the reporting date is classified as a current liability. The remaining balance is classified as a non-current liability.

Land under development

Land under development comprises land and related development assets held for further development and subsequent sale, including completed development lots, superlots held for sale in the ordinary course of business and land that is regarded as surplus to the Crown and no longer required.

Land under development is measured at the lower of cost and net realisable value (NRV). NRV is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of acquisition, completion and sale.

Land under development is classified as either current or non-current based on the expected timing of its realisation. Assets expected to be realised within 12 months of the reporting date are classified as current assets. Assets not expected to be realised within 12 months are classified as non-current assets.

Land under development is assessed at each reporting date for indicators that its carrying amount may exceed NRV. Any write-down to NRV is recognised in surplus or deficit for the year.

Rental property

Rental properties are initially recorded at cost and subsequently measured to fair value on an annual basis. Where an asset is acquired for nominal or zero consideration, the asset is recognised at fair value as at the date of acquisition, with a corresponding recognition of revenue in net operating surplus/(deficit).

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

Unrealised gains and losses arising from changes in the fair value of rental property are recognised at balance date. Where a gain reverses a loss previously charged to net operating surplus/(deficit) for the same asset class, the gain is credited to net operating surplus/(deficit). Otherwise, gains are credited to an asset revaluation reserve in other comprehensive income for that asset class.

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 net operating surplus/(deficit) 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 rental properties as follows:

- Buildings 40–60 years
- Improvements 25 years
- Chattels 10 years

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

Other plant and equipment

Office equipment and furniture and fittings are measured at cost less accumulated depreciation and accumulated impairment losses.

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

- Office equipment 5 years
- Furniture and fittings 10 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 future economic benefits are not expected to arise from its use. Any gain or loss is included in net operating surplus/(deficit) for the year in which the item is derecognised. Gain or loss on sale is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Taxation

HAA is not liable for income tax by virtue of section CW 38(2) of the Income Tax Act 2007. However, HAA is subject to goods and services tax (GST).

All amounts in the financial statements are stated exclusive of GST except for accounts receivable and accounts payable, which are GST inclusive.

Capital management

HAA's capital is in equity, which comprises accumulated funds generated from its operating and investment activities, Crown appropriation and other reserves. These funds will be held by HAA to meet its state housing and urban development objectives and will only be held for the purposes for which they were originally appropriated. Any residual accumulated funds that are not utilised by HAA will be returned to the Crown.

Equity is represented by net assets. HAA manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure it effectively achieves its objectives and purpose, while remaining a going concern.

Kāinga Ora operates several bank accounts as an agent of the Crown. While funds in these bank accounts may be invested, any of the principal and proceeds of the investment must be credited to the bank account the funds were sourced from originally.

2. Revenue

Crown appropriation revenue

HAA is an agent of the Crown and undertakes transactions primarily with MCERT as well as with other government departments, state-owned enterprises and statutory corporations.

In the current financial year, HAA received no operating appropriations from the Crown (2025: $945,000).

3. NRV write-down of land under development

	2026 ($000)	2025 ($000)
Redevelopment and other demolitions write-off	7,195	599
Ormiston NRV write-back FY25	–	5,530
NRV write-downs/(reversals)	(6,280)	(3,752)
NRV write-down/(reversal) of land under development	**915**	**2,377**

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

4. Operating expenses

	2026 ($000)	2025 ($000)
Operating expenses		
Land and water rates	214	389
Audit fee	55	62
Insurance	16	21
Doubtful debts	7	36
Valuations	36	71
Other expenses	11	51
BOTP-related expenses		
Interest expenses	–	152
Property surveys	–	18
Rental expenses	–	4
Consultants	–	121
Premises security	–	260
Selling and facility expenses	–	127
Total operating expenses	**339**	**1,312**

	2026 ($000)	2025 ($000)
(i) Amount paid or payable to Ernst & Young (acting on behalf of the Auditor-General) for:		
– Auditing the financial report of the entity	55	62
(ii) Other assurance services		
	–	–
Total amounts paid or payable to the auditors	**55**	**62**

5. Land under development – current

	2026 ($000)	2025 ($000)
Land under development held at 1 July	**133,845**	**77,412**
Transfer of assets to MCERT (Kiwibuild BOTP)	(80,224)	–
Redevelopment cost	13,615	60,185
NRV write-down/(reversals)	(6,280)	(3,752)
Land under development held at 30 June	**60,956**	**133,845**

6. Receivables

	2026 ($000)	2025 ($000)
Accounts receivable	1,072	6,173
Allowance for expected credit losses	(74)	(535)
Total of accounts receivable	**998**	**5,638**

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

7. Land under development – non-current

	2026 ($000)	2025 ($000)
Land under development at 1 July	**15,663**	**14,979**
Transfer from land	89	–
Development costs incurred during the year	977	684
Transfer of land under development to current	(995)	–
Land under development at 30 June	**15,734**	**15,663**

8. Rental properties

	2026			2025		
	Land ($000)	Buildings ($000)	Total ($000)	Land ($000)	Buildings ($000)	Total ($000)
Rental properties at 1 July	**11,626**	**8,984**	**20,610**	**11,671**	**9,530**	**21,201**
Additions during the year	–	114	**114**	–	280	**280**
Revaluation	(70)	(205)	**(275)**	(45)	(554)	**(599)**
Depreciation for the year	–	(273)	**(273)**	–	(287)	**(287)**
Transfers from/(to) land under development	(89)	–	**(89)**	–	15	**15**
Rental properties at 30 June	**11,467**	**8,620**	**20,087**	**11,626**	**8,984**	**20,610**

Rental properties comprising land and buildings were revalued to fair value as at 30 June 2026.

The valuation was carried out by an independent valuer, Quotable Value New Zealand, a company employing registered and qualified valuers.

9. Plant and equipment

	Equipment ($000)	Furniture ($000)	Leasehold improvements ($000)	Total ($000)
2026				
Cost				
Balance at 1 July	81	180	459	**720**
Balance at 30 June	**81**	**180**	**459**	**720**
Less:				
Accumulated depreciation				
Balance at 1 July	(81)	(175)	(459)	**(715)**
Depreciation charges for the year	–	(2)	–	**(2)**
Balance at 30 June	**(81)**	**(177)**	**(459)**	**(717)**
2026 net carrying amount	**–**	**3**	**–**	**3**

	Equipment ($000)	Furniture ($000)	Leasehold improvements ($000)	Total ($000)
2025				
Cost				
Balance at 1 July	76	178	458	**712**
Balance at 30 June	**76**	**178**	**458**	**712**
Less:				
Accumulated depreciation				
Balance at 1 July	(76)	(158)	(415)	**(649)**
Depreciation charges for the year	–	(15)	(43)	**(58)**
Balance at 30 June	**(76)**	**(173)**	**(458)**	**(707)**
2025 net carrying amount	**–**	**5**	**–**	**5**

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

Right of first refusal for sale of land

Treaty settlement legislation has granted a right of first refusal (RFR) over most Crown-owned land. This prohibits the disposal of RFR land without first giving the relevant iwi/hapū (RFR holder) the right to purchase the RFR land before the land can be disposed of to anyone else.

The following are examples of legislation that grant RFR over Crown-owned land set aside for a state housing purpose and administered by Kāinga Ora under the Housing Act 1955:

- Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014. A Minister of Housing exemption is available for the sale of Crown land for housing. If housing is to be built on the land by a third party (and no exemptions apply), the Limited Partnership (RFR holder) is to be offered an opportunity to submit a proposal to be the developer. MCERT administers the RFR development opportunity in accordance with the Redevelopment Protocol.
- Waikato Raupatu Claims Settlement Act 1995. Exemptions available.
- Port Nicholson Block (Taranaki Whānui ki Te Upoko o Te Ika) Claims Settlement Act 2009. Exemptions available.
- Ngāi Tahu Claims Settlement Act 1998. Exemptions available.
- Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014.

Provided the Treaty settlement negotiations with the Crown include RFR legislation acceptable to the Kāinga Ora Group Board, RFR over Crown properties administered by Kāinga Ora under the Housing Act 1955 will be granted to the following iwi:

- Ngāti Ruapani ki Waikaremoana

10. Accounts payable and other liabilities

	2026 ($000)	2025 ($000)
Accrued expenses and other liabilities	37	53
Trade creditors	2,566	4,251
Total accounts payable and other liabilities	**2,603**	**4,304**

11. Related parties receivables/payables

	2026 ($000)	2025 ($000)
Kāinga Ora	408	1,250
Housing New Zealand Limited	4,652	2,900
Housing New Zealand Build Limited	(797)	(796)
Total owed to/(receivable from) related parties by HAA	**4,263**	**3,354**

During the year ended 30 June 2026, Kāinga Ora provided management services to HAA. A management fee of $2.0 million (2025: $2.0 million) was charged by Kāinga Ora for services relating to the Hobsonville development. No management fee has been charged for other services provided to HAA.

Kāinga Ora administers HAA as an agent of the Crown under the Housing Act 1955. As at 30 June 2026, the total amount owing by HAA to Kāinga Ora and its subsidiaries was $4.3 million (2025: $3.35 million).

In its capacity as agent for HAA, Kāinga Ora manages the rental income and expenses relating to HAA's rental property portfolio. No fee is charged for these services.

During the year ended 30 June 2026, other than the transfer of assets for Kiwibuild, HAA did not make any repayments to MCERT (2025: nil). HAA received no capital contributions from MCERT during the year (2025: $51.3 million).

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

12. Provisions

	2026 ($000)	2025 ($000)
Current provisions		
Provision for development costs	10,116	11,143
Provision for underwrite of KiwiBuild properties	–	1,071
Total current provisions	**10,116**	**12,214**

	Movements			
	2026		2025	
	Future development cost	KiwiBuild underwrite properties	Future development cost	KiwiBuild underwrite properties
	($000)	($000)	($000)	($000)
Movement in carrying amounts				
Carrying amounts at 1 July	11,143	1,071	18,500	4,069
Additional provisions recognised/(reversed)	(473)	–	(599)	(2,998)
Development expenditure (incurred)/reversed	(554)	–	(6,758)	–
Transfer of underwrite provision to MCERT	–	(1,071)	–	–
Total carrying amount at 30 June	**10,116**	**–**	**11,143**	**1,071**

Total land area for which future costs have been included in the provision remained as 780,735 square metres as at 30 June 2026 (2025: 780,735 square metres).

13. Commitments

Capital commitments

At 30 June 2026, capital commitments amounted to $2.203 million (2025: $4.39 million) for property projects.

14. Contingencies

As at 30 June 2026, HAA had no contingent assets or liabilities (2025: nil).

15. Discontinued operation – KiwiBuild Buying off the Plans initiative

As disclosed below, Kāinga Ora's appointment as agent of the Crown for the KiwiBuild Buying off the Plans (BOTP) initiative ceased on 30 June 2025 following the transfer of responsibility for the residual KiwiBuild underwrite activity to MCERT.

During the year ended 30 June 2026, the final transfer of the remaining BOTP assets, liabilities and obligations to the Crown was completed. As a result, HAA no longer administers, manages or has any ongoing responsibilities in relation to the BOTP initiative.

The final assets and liabilities transferred were as follows.

	2026
Net assets held for sale*	76,482
Cash	3,113
Receivable from MCERT	832
Total assets	**80,427**
Underwrite provision	(1,071)
Interest payable to MCERT	(4,116)
Total liabilities	**(5,187)**
Net assets transferred to the Crown	**75,240**

* Net assets held for sale comprise gross assets held for sale of $80.233 million less an impairment provision of $3.751 million, resulting in a net carrying value of $76.482 million.

HOUSING AGENCY ACCOUNT

Notes to the financial statements continued

For the year ended 30 June 2026

The difference between the net assets transferred of $75.240 million and the net equity transferred of $74.946 million reflects the final operating deficit of $0.294 million recognised on completion of the discontinued operation.

Included within the assets transferred was cash of $3.113 million. The transfer of this cash balance is reflected in the statement of cash flows.

Following completion of the transfer, HAA has no remaining assets, liabilities, commitments, contingencies or operational responsibilities relating to the KiwiBuild BOTP initiative.

16. Events subsequent to balance date

There were no subsequent events identified after 30 June 2026.

17. Service performance reporting

Hobsonville Point

Hobsonville Point is a 167-hectare master planned neighbourhood situated on former New Zealand Defence Force land, just 20 minutes northwest of Auckland CBD. Established in 2005, Hobsonville Land Company was formed to deliver a sustainable housing development that generates returns to the Crown, mitigates Auckland's housing pressures and enables a broad range of people and businesses to thrive.

Hobsonville Point FY2025/26 key deliveries are as follows:

Infrastructure close-out and enabling works

- Completed key infrastructure projects, including wastewater works and the final pump station for the development to enable an increased yield of 4,096 dwellings.

Housing delivery and development completion

- Continued delivery of housing at Hobsonville Point, increasing completed homes to 3,501 of 4,096 planned dwellings.

Land release and sales programme

- Undertook market engagement and sales activity for Harrier Point and Catalina Bay (Stage 3), with disposal timing deferred in response to challenging market conditions.

Catalina Bay infrastructure and waterfront improvements

- Commenced demolition of the deteriorating seaplane ramp to remove a significant health and safety risk and improve the long-term waterfront environment.

Te Onekiritea (Bomb Point) land strategy

- Advanced negotiations with Auckland Council and Te Kawerau ā Maki regarding the future ownership, vesting and management of Te Onekiritea.
- Worked through complex legal, commercial and stakeholder issues associated with reserve outcomes and future land use.

Commercial and financial management

- Improved overall programme performance.
- Achieved cost savings on infrastructure delivery and secured developer cost recoveries while managing revenue impacts from softer market conditions.

Summary

FY2025/26 was primarily a programme close-out year, focused on completing housing delivery, finishing residual infrastructure works, progressing Te Onekiritea negotiations, advancing the final land sales programme and maintaining strong commercial outcomes as Hobsonville Point moved into its final stages of development.

The development is financed through existing funds with any surplus funds returned to the Crown at the end of the project.

Activities undertaken on behalf of the Crown using this account must demonstrate financial benefits and ensure future costs do not put undue risk onto the Crown.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Housing Agency Account's Financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of the Housing Agency Account (the "Entity"). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Entity that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 128 to 141; and
- the performance information that consists of the statement of performance of the Entity for the year ended 30 June 2026 on page 141.

In our opinion:

- The financial statements of the Entity present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Reporting Standards with disclosure concessions.
- The performance information of the Entity is appropriate and meaningful and prepared in accordance with the Entity's measurement bases or evaluation methods and Public Benefit Entity Reporting Standards with disclosure concessions and presents fairly, in all material respects, the Entity's service performance.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

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

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

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

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

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation

Independent Auditor's Report continued

methods to enable the presentation of service performance information that is appropriate and meaningful; and

- the preparation of a statement of performance, in accordance with the Entity's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

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

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

The Board Members's responsibilities arise from the Housing Act 1955.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the financial statements and performance information.

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

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

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- We obtain an understanding of the process applied by the Entity to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.

Independent Auditor's Report continued

- We evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board Members are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the financial statements, the performance information consisting of the statement of performance, and our auditor's report thereon.

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

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

Independence

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

Other than in our capacity as auditor, we have no relationship with, or interests in, the Entity.



Stuart Mutch
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

29 September 2026

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Kāinga Ora
Homes and Communities

Te Kāwanatanga o Aotearoa
New Zealand Government