

# OUR STATEMENT OF INTENT



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## Purpose

This is Housing New Zealand's Statement of Intent for the four financial years 2014/15 to 2017/18. It sets out what Housing New Zealand aims to achieve and states how we intend to measure our performance towards achieving our desired objectives.

As the social housing reforms progress, our role within the sector will continue to evolve. On 14 April 2014, our service delivery function changed as the Ministry of Social Development took over the responsibility for housing need assessments and related functions. Further changes to our role may occur as a result of potential transfers of parts of our business to the community housing sector. Consequently, we anticipate updating our Statement of Intent annually to reflect our evolving contribution to the social housing sector in New Zealand.

## Statement of responsibility

The information in this Housing New Zealand Statement of Intent is for the four financial years 2014/15 to 2017/18. In signing this statement, as Housing New Zealand's Chair, I acknowledge my responsibility for information contained in it.

Signed:



**Dr Allan Freeth**  
Chair

23 October 2014

Countersigned:



**Adrienne Young-Cooper**  
Deputy Chair

23 October 2014

## “Housing New Zealand is first and foremost a social housing organisation that provides homes to those most in need.”

It is easy to think of Housing New Zealand as the country's largest landlord and real estate owner. While it is true that we own around 65,500 homes and lease another 3,000, Housing New Zealand is first and foremost a social housing organisation that provides homes to those most in need. Our tenants – our customers – are New Zealanders whose personal circumstances make it difficult for them to find a place to live.

Our long history of social housing work means we know our customers and their families, and we understand their needs must be provided for in a manner well beyond that of a traditional landlord. This involves providing services and advice to a tenant base of around 200,000 people with a diverse range of complex needs and personal challenges.

For decades the state has assumed the principal role of providing housing to people of greatest financial or personal need. Last year, Housing Minister Hon Dr Nick Smith announced a fundamental shift in the way social housing will be delivered. Organisations that want to play a role in social housing can seek to become accredited social housing providers and receive the same recognition and benefits as Housing New Zealand. They can pass these benefits on to their tenants by way of a discounted income-related rent.

To ensure smaller housing providers are on an equal footing with Housing New Zealand, the way people are assessed for social housing has also changed. Instead of customers coming directly to Housing New Zealand, they now go to the Ministry of Social Development to have their social welfare needs assessed – including housing. The right house, in the right location, will then be found for that customer from the range of accredited providers.

The Government is looking at ways to boost the growth of the social housing sector, including by transferring parts of Housing New Zealand's business. The details of how this might be done are still being developed, but Housing New Zealand clearly has a significant contribution to make to the growth of the sector.

It is an exciting time for those involved in the social housing sector and requires a collaborative approach across government and between social housing providers. We are committed to helping develop this new social housing market and will have a leadership role to play in supporting the sector through this significant period of change.

Housing New Zealand is a Crown entity whose state housing portfolio is one of the Crown's largest assets. We are responsible for managing it efficiently and effectively, ensuring the financial value of our properties is maintained and a dividend is returned to the Crown. This requires constant and sustained management of our portfolio of houses, apartments and housing complexes. We are undertaking significant work in redeveloping and reconfiguring our housing portfolio to have the right homes in the right places for our tenants.

New Zealand is a dynamic country, with social and demographic trends making what was right for yesterday unsuitable for tomorrow. We are not only adapting the structure of the portfolio across the country but also developing design concepts for the 'State House of the Future'. People live differently today and the traditional concept of house design needs to be challenged, in terms of social trends and also of cultural norms and expectations.



DR ALLAN FREETH

The needs and aspirations of our tenants therefore continue to be our main focus and the primary driver of our Asset Management Strategy. This work programme is significant and has obviously been impacted by the tragedy of recent natural disasters. For example, over the next 10 years we expect to invest more than \$1 billion to rejuvenate our Christchurch portfolio and increase the supply of social housing in the Canterbury region.

In addition to our state housing redevelopments, we are also increasing the overall supply of housing in Auckland through our wholly-owned subsidiary, the Hobsonville Land Company. We are proud of this initiative, working alongside private developers to create a community of 3,000 homes over the next 15 years that will also include schools, retail opportunities, parks, and transportation links to Auckland city.

The scale of our work throughout New Zealand is immense and not without risk. The need to ensure safe and healthy workplaces for our staff and contractors is a key priority for the organisation. We are active in ensuring we have reporting systems and training in place that will keep our people safe, and in managing risk throughout our operations.

In doing so, we are fortunate to have staff committed to providing quality housing and excellent tenancy management services to our customers. The Board of Housing New Zealand is proud of the work our staff undertake every day to provide homes to New Zealanders in need.

Dr Allan Freeth  
CHAIR



The needs and aspirations of our tenants continue to be our main focus and the primary driver of our Asset Management Strategy. This work programme is significant and has obviously been impacted by the tragedy of recent natural disasters.

# \$1 billion

EXPECTED TO BE INVESTED OVER THE NEXT 10 YEARS TO REJUVENATE CHRISTCHURCH



399 MANCHESTER STREET, CENTRAL CHRISTCHURCH

## “Our tenants, like most people, want to live in neighbourhoods they are proud to call home.”

Housing New Zealand is breaking new ground in social housing, from the way we build and upgrade our homes to the way we work with the people close to us – our tenants and social housing partners. This is an exciting time for social housing in New Zealand, and we are in a great position to lead and support the sector.

We are also focused on continuing to improve and fine-tune our services to meet the needs of our customers more effectively. We have reduced our vacancy rate and the turnaround time between tenancies, which has significantly increased the number of families with a serious housing need that we can house. At the same time, we have been working closely with our tenants to reduce debt levels and help them sustain their tenancies. Lifting our performance in these areas continues to be a priority for us.

Our asset programme is moving into high gear as we build, repair and upgrade houses throughout the country. We have always built and upgraded homes, but our new approach is quite different from our asset programmes of the past. We are building a ‘pipeline’ of projects of varying scale around the country, with a focus on using our land assets more efficiently and sustainably. Our vision for the future is that state houses are part of healthy, sustainable communities that include state, social and privately-owned housing.

A great example of this approach is our redevelopment of 399 Manchester Street in central Christchurch. This project is replacing six old state homes that were in poor condition with 26 one- and two-bedroom modern apartments that anyone would be proud to call home. We will retain 11 of these homes for our tenants, while the rest will provide home ownership opportunities for individuals and families in the private sector.

Earthquake recovery in Christchurch is a top priority for us and the Manchester Street project is just one of the ways we are contributing to building a city that is exciting, sustainable, and a great place to live. We are

reconfiguring our portfolio from the ground up to support the overarching plan for the city and meet the housing needs of the people of Christchurch. By the end of 2015, we will have:

- repaired over 5,000 damaged Housing New Zealand houses
- built up to 700 new houses
- moved up to 90 houses from the residential red zone to Rolleston Prison for repair and relocation to existing Housing New Zealand sites
- demolished up to 500 houses for the rebuild.

Our focus is not just on Christchurch. By the end of 2015, we plan to have built 2,000 new houses nationally since the start of 2013/14, including up to 150 new two-bedroom infill houses in Auckland. We are also adding one or more bedrooms, using prefabricated extensions, to up to 375 existing houses in Auckland. These initiatives are an innovative and cost-effective way of responding to increasing demand for larger and smaller properties, and are helping us to make more efficient use of our land holdings.

Auckland, in particular, represents a significant opportunity for us. It is our largest city, and is home to almost half our tenants and houses. We have an enormous responsibility to manage our portfolio of houses efficiently and intelligently. For that reason, we will continue to focus on creating innovative solutions to accommodate the needs of this fast-growing population.

Our work in Northern Glen Innes is a good example. With land at a premium, we are turning a 156-house block into a community of at least 260 brand new homes. Some will be owned by us, and some by other social housing providers, while the balance will be affordable homes that are privately owned or rented. By making better use of our land, we are creating new housing for at least 78 families and increasing opportunities for the community to grow and prosper.



GLEN SOWRY

But that is not the best part. It is how we are building our houses that is really ground breaking. We believe that our tenants, like most people, want to live in neighbourhoods they are proud to call home. The new houses we are building are attractive, modern and of good quality. No one driving past will know they are Housing New Zealand houses. They are every bit as good as the private houses in the street, so the line between private and social housing is completely invisible.

As long as there are people who need social housing, we will be here to support them – and where their needs fall outside our area of expertise, other social housing providers will be there to help. Currently there is no one else in the market that does what we do, to the size and scale that we do it. This means we will likely be looking after the majority of social housing customers while the third sector is developing.

Our intent is clear. Our aim is to be a world-class social housing provider that others look to for innovative solutions, and we are seeking better ways of working with our customers, property developers, other social housing providers, and government agencies. With careful planning, together we will create a sustainable social housing system we can all be proud of.

Glen Sowry  
CHIEF EXECUTIVE



As long as there are people who need social housing, we will be here to support them – and where their needs fall outside our area of expertise, other social housing providers will be there to help.

# 2,000

NEW HOMES BY DECEMBER 2015



AVONDALE ROAD, AUCKLAND

## Housing New Zealand is a Crown entity. The Housing Corporation Act 1974 sets out our objectives including giving effect to the Crown's social objectives for the provision of housing and services related to housing.

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### Providing safe, warm, fit-for-purpose houses to families and individuals in high need

Housing New Zealand is responsible for providing warm, dry and fit-for-purpose homes for people in high need. We focus on meeting customer needs while using the taxpayer investment in state housing wisely.

As functions relating to assessing housing need and administering income-related rents have moved to the Ministry of Social Development, our focus is now on our role as a social housing landlord, managing our social housing assets to meet changing demand and contributing to the growth of the third sector.

We are committed to developing and maintaining our properties as efficiently as possible and supporting our tenants through quality tenancy management. Our asset decisions reflect the changing needs of our tenants, while our long-term asset planning and management can be tailored around the future needs of our customer base. We are working innovatively and collaboratively to deliver effective social housing for New Zealanders in need, for the duration of their need.

### Our customers

We house people at risk and with serious housing need who are often at a crisis point in their lives. State housing provides them with some time to stabilise and rebuild. The range of individuals and families living in our houses is diverse. They come from a variety of cultural backgrounds: approximately 34 percent are Māori, 27 percent are Pacific, 37 percent are European and the remaining tenants come from a broad range of other cultures.<sup>1</sup>

Approximately 25 percent of our tenants are over 65 years of age and around 78,000 of the approximate 200,000 people living in our properties are children. The length of time our current tenants have been living in our properties varies, with 17 percent having been in a state house for over 15 years. This indicates the long-term support needs among a large group of our tenants. Approximately 3,000 state houses have been modified to accommodate those living with a disability and approximately 35,000 of our properties include someone who is living with a disability or receiving a disability allowance for children under 14 or adults aged over 65.

The high and varied support needs of our tenants make us a specialised social housing provider. The skills and experience of our staff mean we can accommodate a broad range of tenants through different types of support and services. Providing housing and services to our tenants also comes with additional costs compared with what a standard landlord or even other social housing providers may bear.

### Sector changes

The Government has signalled significant changes to our business through the possible transfer of a portion of our business to the community housing sector. The Government has agreed in principle to the establishment of a new entity to manage this transfer and an establishment unit is examining the details.

This would have significant impacts on the shape of our business, including our financials. It would also require us to review and change the way we operate. The nature and detail of these changes have yet to be confirmed and so we have not included them in this Statement of Intent. However, these changes will impact future years as they are implemented.

### Governance

The relationship between the Government and Housing New Zealand is between the Minister of Housing and Minister of Finance, and our Board.

As at 1 July 2014, Housing New Zealand had the following responsible Ministers:

#### MINISTER OF HOUSING

Hon Dr Nick Smith

#### MINISTER OF FINANCE

Hon Bill English

#### ASSOCIATE MINISTER OF HOUSING

Hon Tariana Turia

#### ASSOCIATE MINISTER OF HOUSING

Hon Paula Bennett

The Board is responsible for the overall governance of Housing New Zealand and for managing Housing New Zealand according to the Board's legal mandate. This includes:

- ensuring we perform our functions effectively and efficiently and in a manner consistent with the spirit of the public service
- appointing and reviewing the performance of the Chief Executive
- ensuring we operate in a financially responsible manner
- managing our assets and liabilities prudently
- ensuring effective health and safety mechanisms are in place for our tenants, staff and contractors
- managing organisational risk.

The Board is made up of non-executive members, who are appointed for up to 3 years with the possibility of further reappointment.

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1. Tenants can identify with more than one ethnicity.

## Over the coming years, Housing New Zealand will be part of the reforms in the social housing sector, participate in the rebuild of Christchurch and respond to the Government's priorities for housing affordability, housing quality and better public services.

### Social housing reform

The Government's social housing reform programme will change the housing sector by improving housing affordability and supply, and will also support social housing more effectively. The new Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Act 2013 allows community housing providers to apply for government funding for income-related rents. These providers will sit alongside Housing New Zealand to help house as many people in housing need as possible. This will also expand the number of social housing tenants able to access an income-related rent.

Our main role in this new environment will be to house those with high housing needs. At the same time, we will reconfigure and improve our housing portfolio to meet changing demand and focus on delivering excellent tenancy management. We will also take an active role in contributing to and supporting the growth of community housing providers wherever possible.

The transfer of housing needs assessments and related functions (such as reviewing tenancies and administering income-related rent) to the Ministry of Social Development on 14 April 2014 was a significant change for us that impacted our staff, systems and processes. The transfer enables one agency (the Ministry of Social Development) to take a single, comprehensive view of people's needs.

The Government is making use of our operational experience to inform policy changes that are emerging through the social housing reforms. Given our scale and experience in social housing, we aim to take an active role in supporting the development of the sector as it finds its feet. We will also have a key role working with the central agencies responsible for examining options to set up a new entity to manage the transfer of parts of our business.

At the same time, we will be benchmarked against new providers as we demonstrate effective and efficient operations. We will need to be transparent about the cost of additional services we provide, so that we can fully understand where these social costs lie. We also need to factor in these costs as we plan and deliver our services in the future.

### A growing and changing population

New Zealand's population is expected to grow by 300,000 by 2021, and to 5.1 million by 2031. Auckland is expected to have the largest population growth (of almost 600,000 by 2031). Together, Auckland, Hamilton and Tauranga will likely house 53 percent of the population in 2031. The rest of New Zealand, particularly provincial areas, is expected to experience slower, and possibly negative, growth.

At the same time, the population is getting older, with the percentage of people aged over 65 years expected to increase from 13 percent of the population recorded in 2009 to 21 percent in 2031 (totalling more than 1 million people). Canterbury is expected to have one of the oldest age profiles in the country.

These population changes will impact on the demand for social housing. Our current stock will not meet the demands of the future, so we are focusing our asset management activities on making sure our houses are in the right place and of the right type to meet both current and future demand.

### Housing affordability

Market trends affecting housing affordability continue to impact us. Affordability issues put pressure on demand for social housing assistance, while supply pressures present ongoing challenges to our development and repair programmes where land and trades are at a premium. These affordability pressures are particularly prominent in Auckland.

### Housing quality

The Government has been looking closely at the issue of housing quality and in particular how social housing can be better and more consistently maintained to deliver good health and social outcomes. A Housing Warrant of Fitness is being trialled on a representative sample of our housing first. This means the responsibility is ours to ensure our houses are warm, dry, safe and healthy. Following a successful trial, we will look at how we might apply the Warrant of Fitness to all Housing New Zealand houses.

### Continuing to rebuild Christchurch

We are continuing to rebuild and repair our houses in Christchurch after the earthquakes in 2010 and 2011. We have made good progress so far and are now well underway with the second stage of the recovery. We are building up to 700 new, well-designed and sustainable houses to replace damaged and destroyed houses and repairing up to 5,000 of our existing properties by December 2015. We are facing the challenge of working in an environment in Christchurch where competition for builders and from developers for the acquisition of new land is increasing.

We will ultimately invest more than \$1 billion over the next 10 years to improve social housing availability in the Canterbury region.

### Ongoing focus on cost efficiencies

The Government continues to focus on public sector operating efficiency and cost control. This has increased the responsibility on Crown entities to look at the potential of all-of-government initiatives and collaborate with other entities in the state sector to improve the efficiency and effectiveness of service delivery. Changes to the Crown Entities Act 2004 mean Ministers can direct Crown entities to support and participate in all-of-government initiatives.

We continue to work hard to ensure we deliver efficiently on our core business and the Government's priorities. Our focus remains on continuous improvement in our business model. As a Crown entity, we are expected to provide a return to the Crown. This means we must maintain a balance between the social value we provide through housing those in high need, reconfiguring our housing portfolio, and delivering an appropriate financial return to the Crown.

We are committed to working in a constructive manner with the Establishment Unit as it formulates advice on the development of a fair, efficient and effective social housing market and specifically how to grow the portion of social housing delivered by non-government community housing providers. Consistent with the mandate from Cabinet, this advice will include options involving the transfer of parts of Housing New Zealand's business to other providers. We will provide all the necessary support for these and any other potential options.

## Our contribution to the wider social housing sector outcomes

### The Government's priorities

The Government has asked several agencies to work together to deliver on its vision for the social housing sector.

The Government has identified the following three social objectives for Housing New Zealand:

- Assisting vulnerable individuals and families, who request state assistance, to make the right housing choices and by working with other agencies to transition existing state house tenants whose circumstances have improved to alternative housing
- Providing cost-effective state housing and associated services to those most in need, for the duration of their need, at an appropriate quality level
- Cooperating with the Government and other relevant entities to facilitate the development of the social housing market in order to promote:
  - the diverse supply of social and affordable housing
  - the diversity of social housing providers.

### Our contribution and priorities

We are now one of many agencies working within the social housing sector. We contribute to the Government's outcomes for the sector by providing quality tenancy management services and by maintaining and reconfiguring our housing portfolio to deliver more houses of the right type, of the right standard, and in the right places for people in high need.

To do this we need to ensure:

- **more of our customers are satisfied that we are delivering on our service commitments**
- **our homes are of good quality and are of the right type and in the right places to meet demand.**

We need to manage our houses and our tenancies efficiently to return an appropriate financial dividend to the Crown. To achieve our goals and meet or exceed our performance targets, we must also continue to invest in our organisational capability. Our objective is to:

- **improve our organisational capability and optimise our return to the Crown.**

In addition to our core role of asset and tenancy management, we will play an active role in contributing to the development of the social housing sector.

We are committed to working in a constructive manner with the Establishment Unit as it formulates advice on the development of a fair, efficient and effective social housing market and specifically how to grow the portion of social housing delivered by non-government community housing providers. Consistent with the mandate from Cabinet, this advice will include options involving the transfer of parts of Housing New Zealand's business to other providers. We will provide all the necessary support for these and any other potential options.

### Contributing to a viable social housing sector

The Government's vision for social housing is for a diverse sector that is responsive to the changing needs of New Zealanders. The social housing reforms aim to continue supporting those individuals and households with the greatest housing needs, while at the same time supporting more people to move on from social housing once they are able to sustain tenancies in the private rental market, or home ownership.

We are the largest provider of social housing in New Zealand. However, as the social housing reform programme progresses, the number of community housing providers will grow. The Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Act 2013 sets a framework for the growth of the third sector via community housing providers and enables community housing providers to charge an income-related rent. The dynamics of this potentially competitive market are still forming, and so the role we will play in a mature social housing market is still developing.

However, in furtherance of the Government's social objectives, we are already taking a leadership role in contributing to the Government's vision for social housing. By working closely with the Ministry of Social Development to transfer needs assessments and related functions, we are supporting the development of future social housing market mechanisms, such as the Ministry's purchasing model for the income-related rent subsidy. And, through our work to benchmark our services as more community housing providers join the market, we will look to take an ongoing leadership position in the sector to drive social housing performance as a whole.

The Government is investigating the best way to deliver social housing to people most in need. We are also considering this same question. We aim to ensure our services are as efficient and effective as possible, and will also focus our efforts in the areas where we can add the most value.

Our role in supporting the increased diversity of social housing providers continues to develop and will broaden as the reform progresses.

### Delivering programmes and initiatives on behalf of the Crown

We administer a range of Crown-funded programmes related to housing. These are:

#### Welcome Home Loans and Kāinga Whenua loans

We support Welcome Home Loans by providing the participating lenders with lenders' mortgage insurance. In a similar way, we support Kāinga Whenua loans, offered through Kiwibank, by insuring the loans for Kiwibank.

#### KiwiSaver Deposit Subsidy

We process applications for the KiwiSaver Deposit Subsidy from people who are buying their first home using KiwiSaver. We also administer the applications for KiwiSaver withdrawals for people who have previously owned a home or land. Demand for the KiwiSaver first-home deposit subsidy has increased significantly since July 2010, and current trends indicate demand for the subsidy will continue to grow.

#### Community Group Housing

We rent over 1,500 properties to a variety of government-funded community groups that provide residential community services. This involves tenancy management of the properties, and also administering a rental subsidy for eligible groups.

#### Hobsonville Land Company

Housing New Zealand is developing Crown-owned land at Hobsonville Point in Auckland on the Crown's behalf. The Hobsonville Land Company is a subsidiary of Housing New Zealand and acts as its agent to manage the development at Hobsonville Point.

Performance targets for the delivery of these services can be found in Housing New Zealand's 2014/15 Statement of Performance Expectations.

## Our strategic intentions

The following framework articulates how we will contribute to the wider social housing sector outcomes and sets out the long-term indicators that will measure our progress. The key indicators form part of a broader set of performance measures outlined in our Statement of Performance Expectations.

The following sections of this Statement of Intent address the three key contributions we are seeking to make (outlined below).

MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT INTERMEDIATE OUTCOME	MINISTRY OF SOCIAL DEVELOPMENT STRATEGIC 4-YEAR STRATEGIC PRIORITY	OUR CONTRIBUTIONS	OUR LONG-TERM INDICATORS
Safer, healthy and more affordable homes and buildings	Improving access to social housing for those most in need	More of our customers are satisfied that we are delivering on our service commitments	Customer satisfaction with home Customer satisfaction with services
		Our homes are of good quality and of the right type and in the right place to meet demand	Rental occupancy rate The percentage of surveyed lettable properties that meet or exceed the baseline standard
		Our organisational capability improves and we optimise our return to the Crown	Organisational running costs per housing unit Earnings Before Interest, Taxes, Depreciation and Amortisation Total Recordable Injury Frequency Rate Annual employment engagement
		We contribute to a viable social housing sector	
		We deliver programmes and initiatives on behalf of the Crown	Performance targets for the delivery of Crown-funded programmes can be found in Housing New Zealand's 2014/15 Statement of Performance Expectations document

## More of our customers are satisfied that we are delivering on our service commitments

As our role changes through social housing reform, delivering excellent services to our tenants will be a constant priority for us. We aim to be responsive to our customers, and recognise their needs and the central part the home they live in plays in supporting their changing circumstances.

### Why is this important?

Good housing can make a genuine difference to people's lives. We house individuals and families who are in high need and who are often at a point of crisis. State housing offers a base from which people can build their lives.

Delivering excellent services is about ensuring we provide quality tenancy and asset services that support our customers throughout their tenancy.

### Delivering our current services – more than a landlord

As a social landlord we do more than a standard landlord. While we collect the rent, inspect our houses and maintain the value of our properties, we also work with our tenants to reduce their debt to us, link our customers to support services and engage with our tenants to ensure their homes and communities are places they want to live.

Over the past year we have strengthened the operational performance of our business. Through a dedicated focus on improving our service delivery we have reduced the number of properties sitting vacant and the turnaround time to get these re-let. We have also implemented processes to manage our tenants' debt proactively and effectively.

The way we organise and deliver services will adapt as our role changes. The implementation of reviewable tenancies will reinforce this and we will begin to see our tenant base change, with lower need tenants transitioned out of state housing.

The transfer of assessment and related services to the Ministry of Social Development is a significant change for us and our tenants. An immediate focus has been to manage customers' needs effectively as they move between Housing New Zealand and the Ministry.

## Shaping our future services

### Being innovative in the design of our services

#### GAINING A BETTER UNDERSTANDING OF WHO OUR CUSTOMERS ARE AND THE LEVEL OF SERVICE THEY REQUIRE

We will be innovative in designing our services, gaining a better understanding of our customers and the level of service they need. We are identifying the asset and service requirements of our different customer groups (according to factors like their needs profile and location) to make sure they are getting the appropriate level of support for their needs. We are also working to get a better understanding of the costs involved in servicing our different customer groups.

Understanding our customers also ensures our tenants are in properties that are meeting their needs. This may mean transferring tenants who have a change in circumstances to other Housing New Zealand properties that match their needs better. We may also transfer tenants to other Housing New Zealand properties as a result of planned asset activity, such as redevelopments. We consult and engage with tenants to make sure they are effectively supported throughout the transfer process.

#### REVIEWING OUR TENANCY MANAGEMENT SERVICES

With the progression of the social housing reform, we need to deliver our services in the most effective and efficient way. This is especially true for our tenancy management services given the transfer of functions to the Ministry of Social Development. We must understand the individual needs of our tenants so we can tailor the level and types of service to those needs. Our recent investments in new processes and systems will provide ways to do this. We will equip our frontline staff with the tools to do their job well, and will clarify the role of our tenancy managers. This will give tenancy managers more time to work directly with tenants, which will improve our customers' experience.



**Continuing to strengthen our customer service and focus**

**REVIEWING THE WAY WE UNDERTAKE MAINTENANCE**

We undertake two main forms of maintenance on our properties: responsive and planned. Responsive repairs focus on urgent health and safety and other essential works, and planned maintenance focuses on extending useful life or replacing an amenity that is at the end of its lifecycle. We are reviewing the way we deliver responsive repairs to make our interventions more efficient and effective. We have also developed new performance based maintenance contracts that will make our maintenance programmes more efficient nationwide.

**OUR CUSTOMERS UNDERSTAND THEIR ENTITLEMENTS AND OBLIGATIONS**

Most of our tenants are good neighbours and good members of their communities. However, a few tenants behave in ways that adversely affect the lives of those living in their surrounding neighbourhood. As a social landlord it is important that we continue to challenge behaviour that impacts negatively on our communities. To support this we have changed the name of our Encouraging Good Neighbour Behaviour policy to Anti-Social Behaviour policy to make it clearer that the policy is about managing adverse tenant behaviour.

Our Anti-Social Behaviour policy aims to improve tenant safety and strengthen the way we respond to tenant behaviours that lack consideration for others. We have improved our approach to manage incidents of anti-social behaviour more effectively. These changes include clarifying the anti-social behaviour severity levels and making it easier for our tenancy managers to identify the key actions that need to be taken depending on the severity of the behaviour. We will develop reports to help us monitor anti-social behaviour complaints, actions and the timeframes to resolve cases. Our aim is to keep improving against these measures.

We make every effort to get our tenants back on track. If that is not successful, we may terminate their tenancy, and if necessary consider a suspension for a year. Under our Suspensions policy, tenants whose properties are associated with serious anti-social behaviour, or who commit a serious breach of their tenancy obligations (including fraud), may have their eligibility for a state house suspended for 1 year. We may also suspend for 1 year household members, visitors to, and associates of the property, if we believe they have been involved in the behaviour that led to the ending of the tenancy.

**ENSURING A SMOOTH HOUSING ASSESSMENT TRANSFER**

On 14 April 2014, the Ministry of Social Development took over the responsibility for needs assessments and related functions. We have been asked to house applicants for social housing who are on the shared social housing waiting list. We aim to do this according to their level of need, balanced with other objectives such as fast-tracking families at risk of rheumatic fever; ensuring 'best match' (for example, best use of bedrooms) with our available houses; ensuring sustainable neighbourhoods and tenancies; and recognising our need to reconfigure our portfolio.

The handover of needs assessments and associated functions to the Ministry of Social Development allows it to provide a broader assessment of people's need, not just housing need, which is valuable to our customers. We will continue to work closely with the Ministry to embed these changes and ensure a smooth transition for tenants between both agencies. This will include making additional systems changes as the Ministry further embeds the needs assessment function within its business.

The Ministry of Social Development is now responsible for calculating and paying the income-related rent subsidy. The appropriation funding for the subsidy has therefore shifted to the Ministry. A new agreement with the Ministry for the payment of income-related rent includes associated service standards and reporting. The Ministry is also entering into similar arrangements with community housing providers accessing the subsidy.

**OUR ROLE IN REVIEWABLE TENANCIES**

The Government has asked us to house individuals and families in need, for their duration of need, and to make the best use of our portfolio so that more people in need can be housed. The tenancy reviews implemented on 1 July 2014 by the Ministry of Social Development for all social housing tenants will establish whether a tenant's housing needs have changed and whether they are still eligible for social housing. Approximately 800 state house tenants (1.2 percent) who pay market rent or near market rent will be reviewed in the first year. Those who can move out and move on will be encouraged and supported to do so. Each review will carefully consider the tenant's circumstances and living standards.

Tenants who are no longer eligible will receive options and advice from the Ministry of Social Development about how to move on to alternative housing. We will be notified of the results of these reviews. As a result of the process, we may issue notice to end a tenancy, so we can house a tenant on the waiting list or decide how to use the property in the future (for example, if the property is in a low need area).

We will support our tenants through this process by ensuring they understand what is involved and know where to go to get more information.

**Benchmarking our services against other providers of social housing**

**COMPARING OUR SERVICE DELIVERY**

As part of the social housing reforms, a regulatory framework is being developed for community housing providers that will make them subject to certain standards. Once fully implemented, regulations will see performance standards set for all providers receiving funding to ensure they are financially viable, have tenancy management experience and can provide appropriate and good quality properties. While Housing New Zealand

will not be required to register as a social housing provider, we have been asked to commit to the same level of reporting against performance standards. Our achievement against these standards will be included in our Annual Report. Benchmarking ourselves against these standards will ensure the services we are providing to our tenants are as good as those provided by the rest of the social housing sector.

We are also benchmarking our service delivery against other international providers of social housing. This helps us identify areas where we are doing well and areas where there may be gaps or inefficiencies in our service delivery. It also gives us insight for improving our processes and adapting our business model to ensure we deliver services effectively and efficiently.

**How will we measure progress?**

We will measure progress through the following long-term indicators.

PURPOSE	MEASURE	2013/14 RESULT	TARGET
<b>Our services meet the needs of our tenants</b>	The percentage of our customers who are satisfied with the services we provide	78%	85% by June 2018
<b>Our homes meet the needs of our tenants</b>	The percentage of our customers who are satisfied with their Housing New Zealand home	New measure	Baseline to be established

The way we measure customer satisfaction is likely to change in the coming year as we improve the way we incorporate the customer voice into our service design.

## Our homes are of good quality and are of the right type and in the right places to meet demand

**Our houses need to match our tenants' needs. This means they must be in the right locations, of the right type and of good quality.**

### Why is this important?

A warm, safe, well-maintained and affordable home helps individuals and families to focus on achieving the lives they want, be more productive and participate in society. Many of our tenants are particularly vulnerable to illness, because of poverty and the number of children living in our houses, so it is especially important that our properties are warm and safe.

### Managing our current state

Many of our homes are located in areas of low demand, while other areas have a significant undersupply. Across the country we also have too many three-bedroom properties, while demand has grown for smaller one- or two-bedroom homes or for much bigger homes. There is a particular need for more homes in Auckland.

In both Auckland and Christchurch, the competition for acquiring new land for building and developments is increasing. This will place pressure on our ability to meet demand in these areas.

Many of our houses, particularly those in Auckland (where 45 percent of our houses are located), are highly concentrated in some communities. Our goal, over time, is to achieve the right level of presence in these areas to promote well-functioning communities.

As properties age, they require more maintenance. At a certain point, the benefits from redeveloping or selling a property outweigh the ongoing costs of maintaining it. Almost 25 percent of our houses are more than 60 years old and require ongoing monitoring to help avoid significant maintenance costs in later years.

### Shaping our future state

#### Revising our Asset Management Strategy

We will review our Asset Management Strategy during 2014/15 to ensure we achieve a sustainable and fit-for-purpose portfolio. A critical element of the Strategy will be getting a balance between maintaining our properties and reconfiguring our portfolio.

We will be working with Ministers to ensure that our Asset Management Strategy is consistent with the social housing reforms. The level of overall development we undertake will be one of the key strategic decisions made as part of the social housing reform process. This will be most directly done by working with the new entity established within the Treasury to facilitate the transfer of parts of our business to community housing

providers. Some future decisions about where we need to acquire new housing will also be informed by the Ministry of Social Development, as it is now responsible for determining where there is demand for social housing. Our Strategy also has to fit with other developments in the sector, including the creation of special housing zones and the Auckland Unitary Plan, which is currently being developed.

#### Taking a planned approach to maintaining, upgrading, acquiring and divesting our homes

Maintaining our properties in good condition for our tenants is a high priority. Also, as an asset manager, a primary responsibility for us is to maintain the integrity of our assets with a long-term investment horizon in mind. A significant focus of our Asset Management Strategy is therefore on maintaining our properties. To prevent major issues, and to help avoid significant amounts of maintenance in later years, we monitor the condition of our houses to keep on top of maintenance and repairs.

#### MEASURING OUR PROPERTY QUALITY TO INFORM GOOD ASSET DECISIONS

During 2013/14, we rolled out a portfolio condition survey across 62,000 of our properties. We plan to use this tool to identify and measure the condition of our lettable properties. We will continue to refine the survey to ensure it provides an up-to-date view of the amenity and condition of our properties. The survey will help us to make good asset decisions and prioritise our maintenance activity appropriately.

#### INTRODUCING THE HOUSING WARRANT OF FITNESS

The Housing Warrant of Fitness scheme will standardise the level of quality across our portfolio. Up to 50 elements of houses will be checked to ensure our tenants are living in warm, dry, safe and secure homes. Initially, we are trialling the scheme on a representative sample of our properties across the country and will then decide whether to apply it to all of our properties.

#### IMPROVING THE QUALITY AND PROCESS OF MAINTENANCE ON VACANT PROPERTIES TO REDUCE OUR TURNAROUND TIME

Some of our vacant homes remain untenanted for a long time because of the challenges we face with our portfolio. These include earthquake-prone buildings, those needing repair or redevelopment, and those that are no longer fit for purpose. We have a programme of work underway to resolve the issue of our earthquake-prone buildings and we continue to improve the quality and process of maintenance on vacant properties to reduce our turnaround time. As a result, we are significantly improving the time it takes to let our vacant properties. Where there is no demand, these properties are being flagged for divestment.

#### IMPROVING THE MAINTENANCE OF OUR COMPLEXES AND SIGNIFICANT BUILDINGS

Our multi-unit complexes require a different maintenance approach from our standalone properties. To ensure we are looking at the building as a whole, not just focusing on individual units or issues, we are reviewing the way our complexes are maintained to meet their specific requirements.

#### IMPROVING OUR DRIVEWAY SAFETY

Our Driveway Safety Programme ensures our properties are safe for young children. Over the next year, up to 4,500 of our properties are being upgraded as part of this initiative. So far, we have completed upgrades on 4,275 properties. Our top priority is properties where there are children under 5 years old, with the remaining properties being upgraded as part of our normal upgrade process. Work includes installing gates, fences, speed humps and speed restriction signs or convex mirrors.

#### FOCUSING OUR BUILDING PROGRAMMES ON AREAS OF HIGH DEMAND AND LOCATIONS WHERE WE NEED TO RENEW OUR PORTFOLIO

Making better use of our housing portfolio involves a range of activities including sourcing land, building and purchasing and leasing fit-for-purpose houses. We are in the process of building 2,000 new houses by December 2015. More than half are planned for Auckland and 700 for Christchurch. As at 30 June 2014, 173 have been completed and more than 1,000 are either contracted or approved for construction. The remaining projects are on track to meet the targets identified or are undergoing assessment.

We manage our redevelopment programme so our projects contain a mix of state, social and affordable housing. These developments are aimed both at providing houses and at building communities.

We also redevelop some of our older houses on our own land, freeing up land for use by other social housing providers and the private market.

#### MAKING THE BEST USE OF OUR HOUSES AND LAND TO MEET TENANT NEEDS

Overcrowding is an issue that affects the health and wellbeing of the tenants in many of our houses. This is particularly evident in Auckland, where there continues to be high demand for larger homes. Our bedroom extensions programme is helping to meet waiting list demand in Auckland by converting three-bedroom houses into four- and five-bedroom homes. Adding an extra one or two bedrooms (and another bathroom where necessary) means more of our tenants are living in appropriately sized and healthier homes. The bedroom extensions programme is planned to deliver additional bedrooms to up to 375 state houses in Auckland in 2014/15.

Our existing land in Auckland will also house more small families, couples and single people in need. We are adding up to 150 new two-bedroom state houses over the next year onto existing Housing New Zealand properties in Auckland that have sections big enough for another dwelling.

As we work toward these high-level asset targets, we update and adjust our plans to respond to regional and local issues and opportunities. Our plans are also revised to reflect technical and construction issues that arise in the course of delivery.

Initiatives like bedroom extensions and two-bedroom homes help us to reconfigure the portfolio so that it is of the right size and in the right location to match demand. They also contribute to the Government's Accord with the Auckland Council to increase the supply and affordability of housing in the region.

#### INITIATING AND MANAGING DEVELOPMENT ACTIVITY

Given the size of our investment in our asset programmes over the coming years, it is important to have robust processes for developing, managing and delivering our projects. This will ensure the investments we make are well targeted to achieve the aims of our Asset Management Strategy.

#### DIVESTING OLDER AND NO LONGER FIT-FOR-PURPOSE HOUSES

Part of our Asset Management Strategy is to sell older Housing New Zealand houses that are no longer fit for purpose, are in areas of low demand, or are financially unviable for repair. By divesting houses not needed to meet demand, and those that have reached the end of their useful lives, we can use the funds from these sales to invest in more new, fit-for-purpose houses in areas of high demand. At the same time, we are reducing the number of our properties sitting vacant.

Capital from the sale of our properties through our First Home Ownership Scheme is also being used to purchase fit-for-purpose houses in areas of high demand.

Treaty settlement legislation requires us to at times offer properties for sale in certain areas to iwi before they can be sold to anyone else. Consultation with iwi occurs as part of a Right of First Refusal process.

As part of our standard divestment activities we also need to consider how we give effect to iwi interests in Housing New Zealand properties, particularly where there is a right of first refusal over Housing New Zealand houses or land. Final decisions on disposal processes lie with our Board, and need to be consistent with objectives as outlined in the Housing Corporation Act 1974.

#### STATE HOUSE OF THE FUTURE

The face of our customers, including their cultural backgrounds, household types and accessibility requirements, has changed considerably since the first state house opened its doors in 1937. A change in technology and the way people live in and interact with their homes has also led to changes in the expectations people have of their homes.

We have continued to adapt and improve our housing design practices as building standards and our customers' needs have changed. However, we believe we could do better at integrating the specific needs of our customers into our housing designs. Rather than being incremental design changes driven by advances in materials and technology, these need to be more transformational changes that truly reflect our customer base.

We will seek tenant and stakeholder input into the design of our future state houses and the communities of which they are a part.

#### INTEGRATING OUR CUSTOMERS AND HOMES WITH THEIR COMMUNITIES

In some areas, particularly those with high concentrations of state housing, neighbourhood issues and negative social outcomes can, and do, arise.

In partnership with the private sector, we are undertaking development projects aimed at building positive communities. This includes better access to public transport, shared green spaces and community gardens. Our redevelopments increasingly feature a mix of housing – privately-owned, social and third sector housing. We actively engage with tenants and locals affected by redevelopment work to anticipate and respond to their concerns.

#### How will we measure progress?

We will measure our progress through the following long-term indicators.

PURPOSE	MEASURE	2013/14 RESULT	TARGET
We are managing our portfolio effectively to meet demand and optimise financial returns	Rental occupancy rate	96%	98% by June 2018
Our homes are maintained to an appropriate standard	The percentage of surveyed lettable properties that meet or exceed the baseline standard	New measure	95% by June 2016

#### Making progress with our repair and rebuild programme in Canterbury

Our repair and rebuild programme in Canterbury is a major priority. We are investing more than \$1 billion in a 10-year programme in the region. Based on initial assessments of our properties, our immediate focus is to repair up to 5,000 of our quake-damaged properties and build up to 700 new homes for tenants by the end of 2015. We are constantly reassessing and recalibrating our repair approach as we assess the ongoing environmental impacts on both land and infrastructure that are continuing to be felt during the wider recovery effort.

At the same time, we are assessing the future requirements of our housing stock to inform our decision making.

Construction of new houses in Canterbury remains a challenge. The increasing number of private insurance claims is putting pressure on the construction and engineering sector and local authorities' ability to process consents within a reasonable timeframe.

A memorandum of understanding with the Department of Corrections has resulted in a successful venture being developed at Rolleston Prison. An offender training programme has been set up to relocate and refurbish 150 houses from the residential red zones in Christchurch and Kaiapoi over 5 years. Feedback from the Department of Corrections shows inmates involved in the programme have lower recidivism rates. Former inmates with recent trades qualifications are also contributing to the rebuild.

Our earthquake recovery programme is progressing well, with the ultimate aim of creating a sustainable legacy of social housing for Canterbury.

## Our organisational capability improves and we optimise our return to the Crown

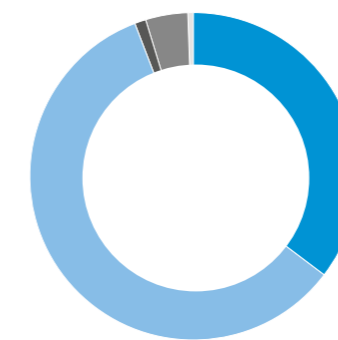
#### Why is this important?

We manage approximately \$18.6 billion<sup>2</sup> worth of assets and collect close to \$1 billion in revenue from rents and rental subsidies each year. Because of the scale of this investment, it is important that we make sound financial decisions to ensure the Government has the greatest impact for the investment it has made.

To achieve our goals and meet or exceed our performance targets, we need to continue to invest in our organisational capability. We are committed to developing a high-performing workforce that can respond effectively to change.

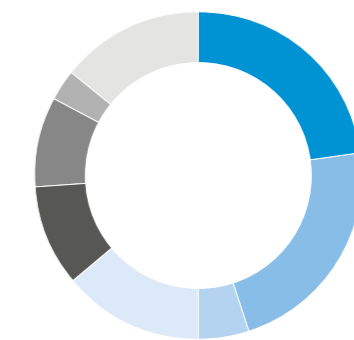
#### Optimising our return to the Crown

##### Where Housing New Zealand revenue comes from



RENTAL INCOME FROM TENANTS	35.5%
RENTAL INCOME FROM INCOME-RELATED RENT SUBSIDY	58.8%
INTEREST INCOME	1.2%
CROWN APPROPRIATION INCOME	4.1%
OTHER INCOME	0.4%

##### Where Housing New Zealand revenue goes



REPAIRS & MAINTENANCE	22.6%
DEPRECIATION & AMORTISATION	22.0%
THIRD-PARTY LEASES	5.5%
RATES	14.0%
INTEREST EXPENSES	9.7%
PERSONNEL	8.9%
ASSET WRITE-OFFS	3.3%
OTHER EXPENSES	14.0%

#### Managing our current state

Our role as a social landlord for people with the highest housing needs, combined with our obligations as a Crown entity, means our costs are often higher than those of many private landlords.

The drivers of our costs and returns are centred on the management of our homes. About a third of our revenue is spent on repairs, maintenance and depreciation on our properties.

Currently many of our delivery and support functions are operated by outsourced partners or contractors. In addition, our building, redevelopment and

maintenance programmes make us a significant purchaser of building materials. To operate cost-effectively we need robust procurement and contract management processes.

#### RETURN TO THE CROWN

The following table shows the return we have made to the Government over the last 3 financial years.

	2011/12 \$M	2012/13 \$M	2013/14 \$M
Dividend returned	68	77	90

2. Property valuation as at 30 June 2014.

## Shaping our future state

### COSTING OUR SERVICES

The complex needs of many of our tenants mean that as a social housing provider we need to provide services and support that are not available in the private rental market. Providing these services comes at a cost.

As we gain a better understanding of the costs of social housing provision, we can demonstrate how being a social housing provider affects the return we can deliver to the Government. We will clarify the costs of our core services as well as the additional social costs we incur. This is particularly important as the social housing sector grows and other providers look to benchmark our performance against theirs.

### CONTINUING TO IMPROVE OUR SUPPORT SYSTEMS AND PROCESSES

We will continue to focus on creating efficiencies from the investments we have made in our systems and service delivery model. An example of this is working to integrate asset and financial information so we can make good decisions on our maintenance spending.

We are also investing in our procurement and contract management capabilities to get the most value from our outsourced partners across the business. This includes implementing our revised performance based maintenance contracts to gain better value for money in the delivery of our maintenance activity.

### ASSET MANAGEMENT STRATEGY

Given our investment in our asset programmes, ensuring they are delivered effectively and efficiently is also a focus for delivering a return to the Crown. Integrating the way we maintain our properties with our reconfiguration goals will also help us make better and more efficient decisions about changes to our properties.

### SECTOR GROWTH

The forecast financial statements presented in the 2014/15 Statement of Performance Expectations are based on continuing our business as usual. However, the Government's indication that it is likely to transfer a portion of our business to the community housing sector would have a significant financial impact. We do not anticipate material impacts in the first year of this Statement of Intent; however, we will need to consider the potential balance sheet implications and operational implications of a possible transfer of a portion of our business during this period.

There is a wide range in the potential reductions in our revenue and asset base because changes in the mix (or location) of what could be transferred can have

a disproportionate impact. We will understand the actual financial impact on our business as details are worked through.

## Capital management

### INFRASTRUCTURE

Housing New Zealand's forecast capital expenditure on infrastructure assets for the first year of the Statement of Intent is \$554 million.

The nature and detail of our contribution to the growth of the social housing sector are yet to be confirmed and so a 1-year capital expenditure forecast has been incorporated in this Statement of Intent. The impact of further changes will be included in future Statements of Intent.

The following table highlights property funding and spending assumptions during 2014/15 as part of the long-term Asset Management Strategy.

CAPITAL ADDITIONS	2014/15 \$M
New builds/Buy-in	(193)
Land	(5)
Redevelopments	(118)
Upgrades	(238)
<b>Total</b>	<b>(554)</b>
<b>Funded by:</b>	
Depreciation	190
Sales	86
Impairments/Loss on sale	33
Appropriation	7
<b>Total funding</b>	<b>316</b>
<b>Surplus/(Deficit)</b>	<b>(238)</b>

## Investing in our organisational capability

### LEADERSHIP

We want to ensure our operational performance is at a consistently high level across the country, improve our maintenance standards, and continue to scale up our asset delivery programme. To achieve this, we need to invest in our people in leadership roles throughout the country.

Effective leadership is particularly important for us as we navigate through social housing reforms and operate in an ambiguous environment.

### HEALTH AND SAFETY

We are committed to providing a healthy, safe and secure environment for our staff, contractors and customers. As part of this commitment, we are improving our performance to consistently achieve zero work-related injuries.

We are making it easier for staff and the public to report fraud or serious health and safety concerns in an anonymous and safe way. This has involved setting up 0800 numbers that can be used by members of the public or contractors where they identify fraud or serious health and safety risks from our building sites or developments. Posters detailing how to report suspected incidents of fraud or serious health and safety have been put up around Housing New Zealand's offices, and at our construction and building sites around the country.

Our goal is to build an enduring safety culture at Housing New Zealand. We will do this by using a health, safety and security management framework that aligns with ACC Workplace Safety Management Programme criteria.

We attained ACC primary accreditation in 2011/12 and since then our safety system has matured considerably. At the end of May 2013, we underwent an external re-audit and conformance to the ACC Workplace Safety Management Programme audit standard had progressed to secondary level. Housing New Zealand is likely to move to tertiary accreditation over the next 2 years as we make ongoing improvements to our framework.

We will continue to focus on contractor management and will emphasise the pre-qualification of contractors before Housing New Zealand contracts are finalised. We will continue to communicate and manage site hazards effectively, and will monitor the work practices performed on our sites.

### PEOPLE CAPABILITY

As our business environment continues to evolve, and as other providers join us in delivering social housing, it is important that our staff remain committed, engaged, and led by capable leaders. Individual performance and development plans will align with our goals and priorities and we will monitor staff engagement through regular surveys, including our annual employee engagement survey. We also include the experience of frontline staff when we are designing improvements to our processes and services.

We will identify and foster the growth of our people throughout the business. Offering them career development opportunities across the business will optimise their potential and our business performance overall.

### REVISING OUR STRATEGY

We have recently updated our strategic framework and our vision is to be the social housing provider of choice. This recognises the emerging contestable social housing market and our aspiration to be a leader in that market. Being the provider of choice is not only about customer choice, it also means: for the shareholder, being a good business to own; for partners and suppliers, being a good business to work with; for our people, being a good business to work for; and for our communities, being a good business to have in their town.

The strategy articulates our direction for the next 18 months and is focused on:

- refining our service proposition to support our successful participation in the emerging social housing market
- delivering on our service commitments to our customers and stakeholders
- producing the right mix of quality homes in the right locations
- operating and managing our homes effectively and efficiently
- being proactive and results focused and managing our business to be financially sustainable.

How our strategy aligns with our strategic intentions in this Statement of Intent is outlined on page 24.

### RISK MANAGEMENT

Housing New Zealand has committed to being a place where effective risk management is a day-to-day part of all business activities. We have established 'three lines of defence' to manage risks effectively at all levels of our business. The three lines of defence are:

- Putting controls in place to manage day-to-day business and to give assurance that risks are being managed at the front line
- Overseeing support functions that set direction and policy and monitor activities undertaken at the front line
- Setting up independent functions that provide assurance to the Chief Executive and the Board that risk is being appropriately managed in the first and second lines.

#### BEING A GOOD EMPLOYER

Housing New Zealand is committed to being a good employer and to meeting the Government's expectations of Crown entity employees. We recognise the importance of promoting diversity and equal employment opportunities in our workplace. We aim to provide an employment environment where staff can contribute to the best of their potential. Our employment practices are geared towards ensuring we continuously monitor the responsibilities set out in section 118 of the Crown Entities Act 2004 to be a good employer. In meeting our obligations:

- we systematically identify our future talent and measure engagement through a variety of methods
- our recruitment approach, selection and induction processes support and demonstrate our organisational values, behaviours and strategic competencies

- we will adopt a Housing New Zealand career approach to individual professional development. Our systems will support effective learning and knowledge management, and the development of a diverse workforce
- our performance and rewards framework ensures employees are recognised and rewarded appropriately according to their contribution to Housing New Zealand results
- our leaders have the appropriate skills and knowledge to promote individuals' rights and responsibilities. All leaders will be assessed each year on their ability to manage their current responsibilities, including harassment, bullying, and organisational compliance and processes
- our leaders operate within a robust health, safety and security environment that emphasises the wellbeing of our staff, tenants and contractors. This is enhanced through our leadership development portfolio, and annual health and safety assessment.

#### How will we demonstrate success?

We will measure progress towards our financial and organisational capability objective through the following key performance indicators.

PURPOSE	MEASURE	2013/14 RESULT	TARGET
Operating efficiency and cost control are maintained	Organisational running costs per housing unit <sup>3</sup>	\$2,218	Improve by 1.5% on 2013/14 result*
Sound financial oversight and stewardship of the Crown's assets are maintained	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	\$471 million	\$484 million*
Housing New Zealand provides a safe working environment	Total Recordable Injury Frequency Rate	7.5	Reduce by 25% by June 2018
Housing New Zealand has an engaged workforce, and the impact of change is monitored	Annual employment engagement survey	3.96	Increase by 2% year on year

\* Because the financial statements in this Statement of Intent and the 2014/15 Statement of Performance Expectations are only presented for one year, the financial measures stated above have annual targets to June 2015

3. This measure differs from the measure 'operating cost per unit managed' reported in our 2013/14 Annual Report. This is a measure of organisational efficiency and only includes costs associated with running Housing New Zealand. It excludes direct costs associated with managing our properties, depreciation and interest costs.

## Alignment of our Statement of Intent with our Strategy Framework

