

1:18

26



Document 1

RE: Kainga Ora - Homes and Communities



You

1 Dec

To **s 9(2)(a)**



Have given the below a crack – will leave for Matt B.

The Coalition Government will commission an independent review into Kāinga Ora's finances, procurement, development, and asset management practices within its first 100 days.

It is critical that Kāinga Ora is focused on its customers and efficiently building social houses for people in need.

The Government has committed to removing the Kāinga Ora Sustaining Tenancies Framework and ensuring appropriate consequences for tenants who engage in repeated antisocial behaviour.

The Government will continue to receive advice on improving Kāinga Ora's performance.

From: **s 9(2)(a)**

s 9(2)(a)

Sent: Thursday, 30 November 2023 1:58 PM

To: **s 9(2)(a)**

Cc: **s 9(2)(a)**

Subject: FW: **Kainga Ora - Homes and Communities**

1:35



Hon Bishop - Political Team 

Document 2

Tue, 12 Dec

Chris Bishop

s 9(2)(a)

I need to

be able to say some stuff

s 9(2)(g)(i)

in the

next couple of days. Can you work

through the two reviews already

provided plus the Tsy report and

work out with officials what I can

and can't say



9:03 AM

11:22



Hon Bishop - Political Team

Document 3



Wed, 13 Dec

Shane fine with the names of the reviewers. Can I get a one pager with who they are, professional background etc so I can share with act and nzf a bit more formally



11:49 AM

11:23



68



Hon Bishop - Political Team **Document 4**

Chris Bishop Wed, 13 Dec

The more I think about the ko stuff the more I think we really need clarity about what I can and can't say when we launch the review. We are gonna have to justify and paint a picture of how bad it is. So let's make finding out from hud what I can and can't say a high priority. They should work with treasury on it

1:34



Document 5



Hon Bishop - Political Team



Chris Bishop Sun, 17 Dec

On ko. Why couldn't we say

Ministers have received extremely concerning advice about debt and deficits at KO. Commercial sensitivity precludes us making that public but this is a major reason for conducting the review.

It's important to note that KO has a big impact on obegal and the crown's fiscal and debt track...

11:35 AM



s 9(2)(a)

From: s 9(2)(a)
Sent: Monday, 18 December 2023 12:06 AM
To: s 9(2)(a)
Cc: s 9(2)(a)
Subject: KO PR

Importance: High

Here's what I want to say.

Draft Ministerial Press Release

**Hon Chris Bishop
Minister of Housing**

Date 18 December 2023

Embargoed Until: time date

Media Statement

Independent Review into Kainga Ora announced

The Government has announced an independent review into Kāinga Ora, fulfilling another of its 100 Day commitments.

Housing Minister Chris Bishop has today announced an independent review into Kāinga Ora's financial situation, procurement, and asset management, with the review panel to be led by former Prime Minister Sir Bill English.

"Kāinga Ora is the country's biggest landlord and its operations have a significant impact on the Crown's books. The Crown Entity has total assets of \$45 billion and annual expenditure of \$2.5 billion.

"A recent (public) report by the Treasury and Ministry for Housing and Urban Development found that Kāinga Ora's level of debt had grown from \$2.7bn in 2018 to \$12.3 billion in June of this year. Advice released last year suggests that if Kāinga Ora continues on its current trajectory, their debt would reach \$28.9 billion by 2033.

"Since coming to office Ministers have received further concerning advice about the financial situation of Kāinga Ora. We are not releasing this information at this time as it is commercially sensitive, but it confirms that an independent review is the right course of action at this time.

"Ministers do not currently have confidence that Kāinga Ora is operating efficiently and effectively. The independent review will build on work already done by Treasury and the Ministry of Housing and Urban Development, and provide a report to the government by the end of March 2024.

"Former Prime Minister Bill English will lead the review team alongside Simon Allen and Ceinwen McNeil.

"The Kāinga Ora Board is currently being consulted on the Terms of Reference, which will be released later this week once this consultation is complete.

“It is critical that Kāinga Ora is focused on efficiently building social houses for people in need while also delivering value for taxpayers’ money, and this review will be able to provide recommendations to ensure that these objectives are being met.”

ENDS

s 9(2)(a)

From: s 9(2)(a)
Sent: Monday, 18 December 2023 3:23 AM
To: s 9(2)(a)
Subject: Re: KO PR

Looks good. Can I suggest mentioning Bill is a former housing minister:

Former Prime Minister and Minister of Housing Bill English will lead the review team alongside Simon Allen, the former Chair of Crown Fibre Holdings which delivered ultrafast broadband, and Ceinwen McNeil, [background].

Chief Policy Advisor
National Leader's Office

s 9(2)(a)

From: Chris Bishop <Christopher.Bishop@parliament.govt.nz>
Sent: Monday, December 18, 2023 12:06:06 AM
To: s 9(2)(a)
Subject: KO PR

Here's what I want to say.

Draft Ministerial Press Release

**Hon Chris Bishop
Minister of Housing**

Date 18 December 2023

Embargoed Until: time date

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ENDS

s 9(2)(a)

From: s 9(2)(a)
Sent: Monday, 18 December 2023 11:16 AM
To: s 9(2)(a)
Cc: s 9(2)(a)
Subject: UPDATED Review into Kainga Ora comms pack
Attachments: 231218 Review into Kainga Ora comms pack.docx

Updated comms pack for KO review this afternoon. I haven't yet run this version past Hon Bish but in the interests of time thought I should get to you now.

Includes Jo's updated talking points for the PM.

Document 9 (Attachment to Document 8)

Independent Review of Kāinga Ora: draft communications material for announcement of progress

This document provides:

- Draft press releases for the Minister of Housing
- Talking points for the Prime Minister and Minister of Housing
- Backpocket questions and answers

Hon Chris Bishop Minister of Housing

Date 18 December 2023

Embargoed Until: time date

Media Statement

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"I am deeply concerned about the operating deficit which is already at \$520m in 22/23 and is forecast to continue increasing steeply. This deficit has a direct impact on OBEGAL and continues to put pressure on the return to OBEGAL surplus.

"Since coming to office Ministers have received further worrying advice about the financial situation of Kainga Ora. We are not releasing this information at this time as it is commercially sensitive, but it confirms that an independent review is the right course of action at this time.

"Ministers do not currently have confidence that Kainga Ora is operating efficiently and effectively. The independent review will build on work already done by Treasury and the Ministry of Housing and Urban Development, and provide a report to the government by the end of March 2024.

"Former Prime Minister Bill English will lead the review team alongside vastly experienced financial leader Simon Allen who successfully delivered ultrafast broadband to New Zealand, and Ceinwen McNeil who brings significant experience in the role of construction and professional services sectors.

"The Kāinga Ora Board is currently being consulted on the Terms of Reference, which will be released later this week once this consultation is complete.

"It is critical that Kāinga Ora is focused on efficiently building social houses for people in need while also delivering value for taxpayers' money, and this review will be able to provide recommendations to ensure that these objectives are being met."

ENDS

Note to editors:

Rt Hon Sir Bill English

Rt Hon Sir Bill English served New Zealand since his election to Parliament in 1990, including as Prime Minister in 2016 and 2017. He has experience in public sector effectiveness, government capital management and led the development of Social Investment, an innovation for large scale social services.

Sir Bill English was Finance Minister 2008-2016 through the Global Financial Crisis and the Christchurch earthquakes and returning the Government's books to surplus.

Since leaving Parliament, he has started social sector businesses with his family and works as a commercial and not for profit director in Australia and New Zealand.

Simon Allen

Simon has over 40 years commercial and governance experience in New Zealand and Australia.

He was Chief Executive of investment bank BZW/ABN AMRO in New Zealand for 21 years until 2008. He has advised investors, companies and the Government on strategic and capital investment decisions including the planning and delivery of large scale infrastructure.

Simon has established several governing entities. He was the inaugural Chair of NZX limited, the Financial Markets Authority, Auckland Council Investments Limited and Crown Fibre Holdings Limited (renamed Crown Infrastructure Partners) and Chair of Channel Infrastructure NZ Limited (formerly The New Zealand Refining Company Limited and St Cuthberts College).

Currently Simon is a Director of both IAG and Ampol in Australia and Chair of their New Zealand subsidiaries IAG New Zealand and Z Energy and is a trustee of the New Zealand Antarctic Heritage Trust.

Ceinwen McNeil

Ceinwen (pronounced KYNE-WEN) brings 25 years of public and private sector expertise as a leading strategy adviser.

Skilled in navigating complex regulatory frameworks, Ceinwen is experienced in fostering connection across the private, public, and not-for-profit sectors.

Currently President of ACE NZ and a former Chair of the Diversity Agenda, she possesses an extensive understanding of the natural and built environment eco-system, especially the role of the construction and professional services sectors. Additionally, she contributes an international perspective on urban development and social housing initiatives to the Review.

Speech notes for Prime Minister (supplied by Jo Black)

Good afternoon everyone, thanks for coming.

As you can see, I'm here again with Chris Bishop, this time not in his Leader of the House hat, but in his capacity as Minister of Housing.

In Opposition, and since being in government, we have talked about the need to manage the economy well, and that of course means also properly managing the Government's own books.

Everywhere we look, Labour has left a mess – with a declining performance for the people who rely on public services, wasteful spending that shows a cavalier attitude to taxpayers' money, and poor management of the Government's own books, flowing through to the wider economy which, as we learned last week, shrank in the September quarter.

We all use public services, but some New Zealanders have higher needs than others and one place that is obvious, is in social housing.

You're all familiar with the story of high rents – up \$180 a week under Labour – pushing more people into the waiting list for a social house. Relieving some of that pressure on rents is why we're bringing back interest deductibility for landlords.

There is a lot of complexity in housing. Some of the most vulnerable New Zealanders depend on Kainga Ora and it's important to understand what's going on there. I don't mean just in the public-facing side with tenants, or with the wait list that's increased from just over 5000 when Labour took office, to around 24,000 by the time Labour left office six years later.

The Government is concerned about the management and governance of an asset which is both socially and economically important to New Zealand, and to New Zealanders and their communities.

Kainga Ora is New Zealand's largest landlord. Obviously, its performance for tenants matters, but with \$45 billion worth of property – roughly around 8% of Crown assets - it is important for the Crown's balance sheet too and its debt trajectory is, frankly, concerning.

It's also another agency where we've seen a huge growth in staff – around 1450 in the past four years – a familiar story of Labour hiring more people to produce worse results.

It's fair to say, from what we see, Kainga Ora is falling well short of expectations.

One of the initiatives on the Government's 100-day plan is to commission an independent review into Kainga Ora's financial situation, procurement and asset management, and we're announcing that today.

Our 100-day plan is not about looking busy. It's about getting on with the mandate we have from the public to create change that helps New Zealanders get ahead, that lifts New Zealand's economic performance.

I'll hand over now to Chris for more details about where things are at with Kainga Ora...

Speech notes for Housing Minister

As the Prime Minister said, as part of the Government's 100-day plan, I have today announced an independent review into the financial situation, procurement, and asset management of Kainga Ora.

I have appointed former Prime Minister Sir Bill English to lead this review, alongside Simon Allen and Ceinwen McNeil.

It is essential that the Government has a high degree of confidence that Kāinga Ora is operating efficiently and effectively for all the reasons that the Prime Minister has just laid out – but right now I simply don't have that confidence.

A recent report by the Treasury and Ministry for Housing and Urban Development found that Kāinga Ora's level of debt had grown from \$2.7bn in 2018 to \$12.3 billion in June of this year. That's obviously a worry, and I am also deeply concerned about the operating deficit which is already at \$520m in 22/23 and is forecast to continue increasing steeply. This deficit has a direct impact on OBEGAL and continues to put pressure on the return to OBEGAL surplus.

Since coming to office we have received even more worrying advice about the financial situation of Kainga Ora. We are not releasing this information right now as it is commercially sensitive, but it confirms that an independent review is the right course of action.

As I said, Former Prime Minister Bill English will lead the review team alongside Simon Allen and Ceinwen McNeil.

These reviewers have significant public and private sector expertise, with a wealth of experience in organisational performance, governance, finance, and large-scale infrastructure planning, delivery, and management.

I want to thank them for agreeing to be part of this important work.

We're consulting with the Kāinga Ora Board on the draft Terms of Reference as required by law, and I expect to finalise them before the end of the week.

The reviewing panel's first report back is due in March next year.

I'll pass back to the Prime Minister.

Reactive Questions and Answers

General

Q: Why is the Government undertaking the review?

A: Kāinga Ora is a large Crown entity with annual expenditure of \$2.5 billion and total assets of \$45 billion which have a significant impact on the Government financial statements in terms of OBEGAL and impact net debt by \$13.2 billion over the forecast period.

The Minister of Finance and Minister of Housing have decided to carry out a review under section 132 of the Crown Entities Act 2004 to provide assurance over the approach and delivery over significant investment programmes by Kāinga Ora.

It is critical that Kāinga Ora is focused on its customers and efficiently building social houses for people in need. The independent review of Kāinga Ora finances, procurement, development, and asset management practices will identify ways to improve Kāinga Ora performance and value for money, and to manage the impacts of Kāinga Ora on debt and the government books.

Q: Why were these reviewers chosen?

A: Ministers chose these reviewers due to the depth of knowledge and experience that they will bring to the review.

The reviewers have significant public and private sector expertise, with a wealth of experience in organisational performance, governance, finance, and large-scale infrastructure planning, delivery and management. They are also very experienced engaging with stakeholders to meet community needs.

Q: How much will the review cost?

A: We have set aside up to \$500,000 for the review.

Given the scale of Kāinga Ora activities, this is a small price to pay for a comprehensive and independent view of Kāinga Ora which will help ensure Kāinga Ora is focused on its customers and efficiently building social houses for people in need.

I expect the review will identify areas where Kāinga Ora could find savings and efficiencies that will result in a better use of taxpayer money for years to come.

Q: What is the scope of the review?

A: The scope of the review focused on the financial situation, procurement, and asset management of Kāinga Ora. Following consultation with the Kāinga Ora Board, we will finalise and release the Terms of Reference for the review, which will contain more detail.

Q: Does the Minister have confidence in the Board?

A: The review will be important to inform my views about the Board's ability to meet the expectations of the Government and the public going forward.

Q: What do we know from previous reviews of Kāinga Ora?

A: In the past 18 months two specific reviews have been undertaken into Kāinga Ora activity which have highlighted issues with efficiency, value for money and transparency over the cost of core functions:

- The spending funding and financing review was governed by The Treasury and the HUD with representation from Kāinga Ora on the Governance group that was responsible for reviewing the work undertaken by the three agencies that provided a clearer understanding of the various factors included in the total borrowing requirements but also identified areas where further work was required to validate costings. This can inform the independent review focus areas to reduce costs.
- A Department of Prime Minister and Cabinet Implementation Unit review that recommended immediate actions to address risks and strengthen information systems and to develop a more systematic approach to areas where it could intervene or adapt its practice to accelerate delivery.

Across both reviews some common themes emerged including:

- Obtaining reliable, accurate and regular delivery data has not always been easy
- Public Housing delivery pipelines are not also transparent, and it has been difficult for others in the system to gain assurance on the speed of delivery and cost.
- Fiscal costs are not collected in a manner that enables value for money to be easily assessed.

In addition, Kāinga Ora has commissioned reviews into various areas of delivery which have been highlighted in their Briefing to Incoming Ministers and which will provide the Independent Review insights into key investment areas.

Q: Will the review look at the management of disruptive/antisocial tenants by Kāinga Ora?

A: We already know that Kāinga Ora is New Zealand's biggest landlord, but it is at risk of losing its social licence.

The Government has already had plenty of evidence that there is deep community frustration with the approach Kāinga Ora has taken to the management of disruptive/anti-social tenants. This is a matter I have already discussed with the Chair and I'm working with him to ensure real improvements are made in this space in the very near future.

Q: When is the review expected to be completed by?

A: The intention is that responsible Ministers will receive the first report back by March 2024. This will be confirmed and any subsequent report timing by the panel in the New Year once they start their very important work.

Q: What are the next steps in the review?

A: This review is being undertaken in accordance with Section 132 of the Crown Entities Act 2004. As part of that, consultation is required with Kāinga Ora on the purpose and nature of the review.

I've already written to the Board to begin this consultation, and will be attending their meeting tomorrow to discuss the review and other matters.

Consultation will conclude this week and the Terms of Reference will be finalised. I will look to then release the final Terms of Reference before the end of the year.

Q: If the Government believes Kāinga Ora is underperforming, so why not get on with changes instead of a costly review?

A: Given the scale and impact of Kāinga Ora activities on communities and the housing sector, I think it is prudent to undertake a thorough review first to inform any changes.

In the meanwhile, I will be communicating my priorities and expectations of Kāinga Ora to its Board.

Q: Will the review's finding be credible? Aren't you politicising this review given who the lead reviewer is?

A: The reviewers are very experienced and I'm confident they will go where the evidence leads.

In particular, Sir Bill has an abundance of insights into crown entities and accountabilities, role of government, public finances (fiscal and debt), and public policy. I'm not sure there's anyone more qualified to lead this review than him.

The other reviewers will also bring their expertise and perspectives to the review which will help ensure the review is robust and credible.

Q: Why doesn't the government just reign in Kāinga Ora and focus on delivery through CHPs?

A: The reality is that Kāinga Ora is New Zealand's biggest landlord and manages \$45 billion of public assets.

While we certainly want to look at how we can work more closely with CHPs to provide better public housing, we need Kāinga Ora to be operating as effectively and efficiently as possible, and working well with the communities they serve.

1:33



Hon Bishop - Political Team

Document 10



5:17 PM

Yesterday

So the obvious question for us -
and KO will ask this too tomorrow
am - is what do KO do in the
meantime while the review is
underway regarding their current
plans

s 9(2)(g)(i)

