



**MINISTRY OF HOUSING
AND URBAN DEVELOPMENT**

Kāinga Ora-Homes and Communities Monitoring Framework

June 2021

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Introduction

Context and Background

The monitoring framework relates to the monitoring relationship between the Ministry of Housing and Urban Development (HUD or the Ministry), Kāinga Ora - Homes and Communities (Kāinga Ora), and responsible Ministers (Minister of Housing and Minister of Finance).

In its monitoring role, HUD advises and assists Ministers with appointments to the Board, setting and clarifying expectations, and reviewing the performance of the Board and Crown entity overall. The Treasury has a role in monitoring balance sheet impacts.

The role of the Kāinga Ora Board is to be the governor of the entity and the Minister's primary agent for ensuring the organisation is achieving its objectives. The Board has wide-ranging responsibilities, including setting the organisation's strategic direction and annual performance expectations (in conjunction with Ministers), managing risk and ensuring compliance, and maintaining appropriate relationships with key stakeholders.

A productive three-way relationship is required between the responsible Ministers, the statutory entity and the Crown monitor for overseeing organisational performance. HUD provides constructive challenge and insight to Kāinga Ora and to Ministers.

Purpose and Scope

The key purpose of the monitoring function as outlined in legislation is “to assist the responsible Minister to carry out his or her role” to “oversee and manage the Crown’s interest in, and relationship with a statutory entity and to exercise any statutory responsibilities”.

The Ministers’ role includes functions and powers to review the entity’s operations and performance, request information for review or otherwise, participate in the process of setting the strategic direction and performance expectations, and monitoring performance.

In practice this means actively engaging with Ministers and the Board to set Kāinga Ora’s strategic direction, communicate Ministers expectations and to review Kāinga Ora’s governance capability, operations and performance to ensure responsible Ministers are well advised on these matters.

The purpose of the monitoring framework is to provide guidance to the monitor to determine the focus and extent of monitoring activities, with an emphasis on major opportunities and risk.

It helps the monitoring team to understand what to monitor. It outlines how HUD gets visibility and understanding of the areas it needs to, to advise Ministers on the Crown’s relationship with the entity and how to exercise their statutory responsibilities, functions and powers.



Monitoring Framework

The main governing legislation for Kāinga Ora is:

Crown Entities Act 2004

Kāinga Ora Act 2019

Urban Development Act 2020

The Kāinga Ora strategic **outcomes** that contribute to the government's housing and urban development outcomes (GPS-HUD) are

- (a) Sustainable, inclusive and thriving communities support good access to jobs, amenities and services
- (b) Good quality, affordable housing choices meet diverse needs
- (c) Partnering with Māori ensures Māori interests are protected and their needs and aspirations are met and allows Kāinga Ora to fulfil its obligations in respect of Te Tiriti o Waitangi
- (d) Public housing customers live well in their homes with dignity, stability, and the greatest degree of independence possible
- (e) Environmental wellbeing is enhanced and preserved for future generations
- (f) System transformation is catalysed and delivered

The Kāinga Ora **operating principles** relate to:

- Public housing solutions that contribute positively to well-being of tenants
- Housing supply meets needs
- Well functioning urban environments
- Stewardship and sustainability
- Collaboration and effective partnerships

The Ministry monitors to provide an objective and independent view to responsible Ministers that

Kāinga Ora's delivery is aligned to housing outcomes and they are delivering as a world class landlord

Kāinga Ora is facilitating, coordinating and delivering urban development outcomes

Risks are managed and mitigated effectively

Crown interests are protected

Ministerial expectations are being met

To monitor effectively the Ministry needs to have **visibility and understanding of:**

Kāinga Ora organisational health

Seek assurance over eight key areas:

1. Strategic direction
2. Governance and Leadership
3. Partnerships
4. Financial Management
5. Māori and Treaty of Waitangi
6. Risk and Assurance
7. Capability and Capacity
8. Technology and Data

How the Kāinga Ora operating principles are operationalised and considered

Seek assurance that the operating principles are being lived in practice.

Kāinga Ora delivery

Seek assurance, across three delivery categories, about how outputs and outcomes are delivered; and by measuring delivery through performance metrics.

- Core business (output classes)
- Investment Management (investment portfolios)
- Capital programmes and projects

Monitoring advice to Ministers is enabled by:

Productive relationships

Feedback and escalation mechanisms

Monitoring principles



Monitoring Principles

The monitoring framework is underpinned by the principles below which are used to guide monitoring relationships and activity.



Constructive, collaborative, respectful

Working together to achieve better housing and urban development outcomes for New Zealanders. Both monitor and entity are open in their respective dealings with each other. Both parties share timely information that supports progress towards outcomes.



Open communication

Both parties communicate transparently and are able to raise issues as required to enable trusting and productive relationships.



Respect of information

Information is used for the purpose collected, and any request use it for another purpose is discussed with the monitored agency. There is transparency around what information provided and what is used for.



Independence

Objectivity is maintained in carrying out monitoring activities.



Clarity

All parties understand what is monitored, how it is monitored, when it is monitored, how information is used and what they can expect when risks/issues are identified through monitoring activity. The roles and responsibilities of both the monitor and monitored entity are clearly understood, and the policy and monitoring roles of HUD are clearly delineated. HUD supports the monitored entity to respond to risks and issues.



Proportionate

Monitoring efforts are proportionate to risk and prioritised based on risks.



Continuous learning

Parties will work together to improve how the monitoring relationship adds value.



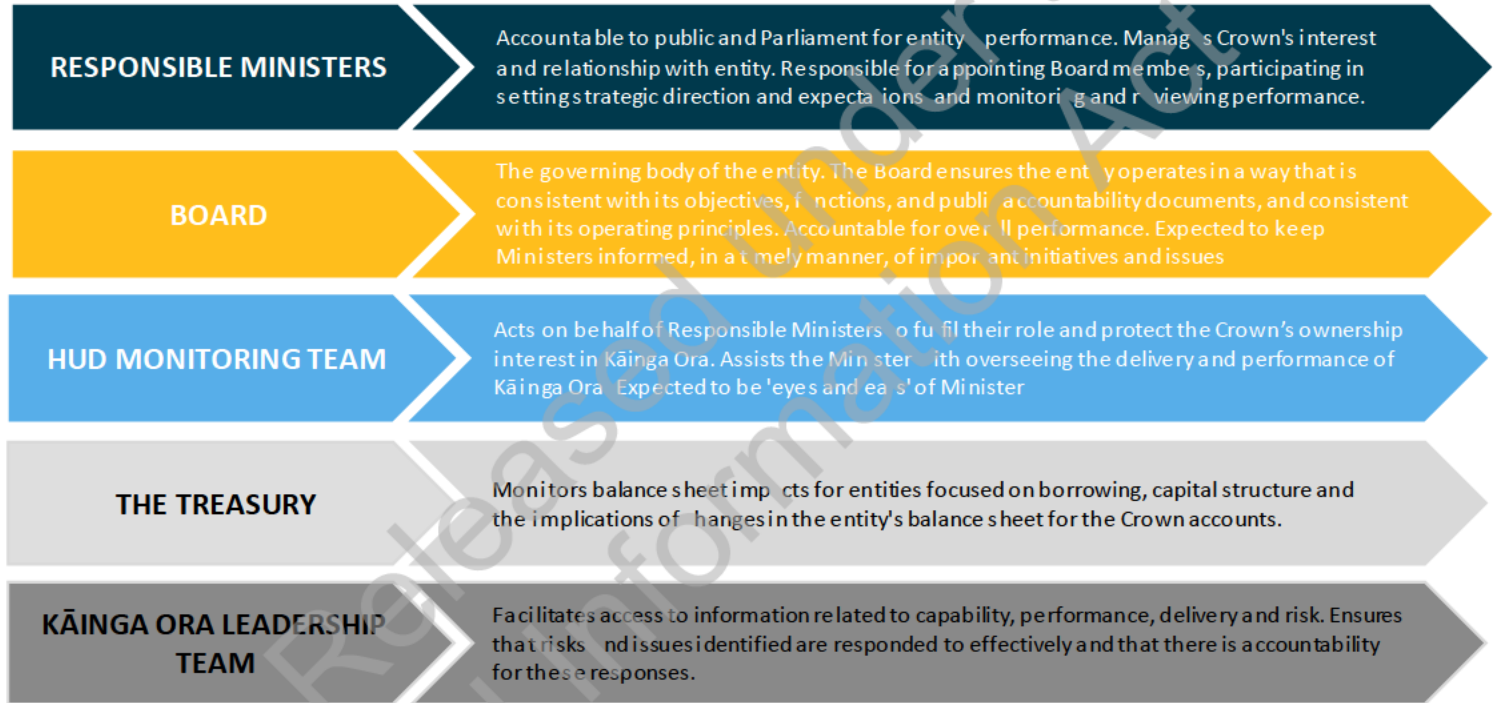
Dynamic approach

Both parties are responsive to new circumstances and system change.



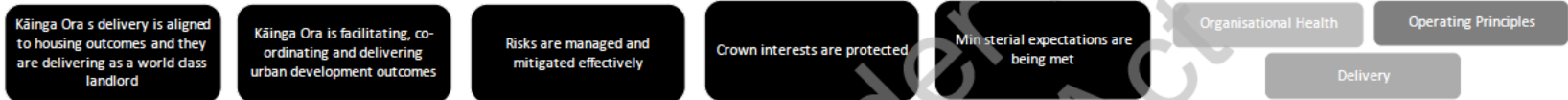
Roles and Responsibilities

The diagram below summarises at a high level the roles and responsibilities of the people and organisations involved in the monitoring process. A productive three-way relationship between responsible Ministers, entity and monitor is crucial

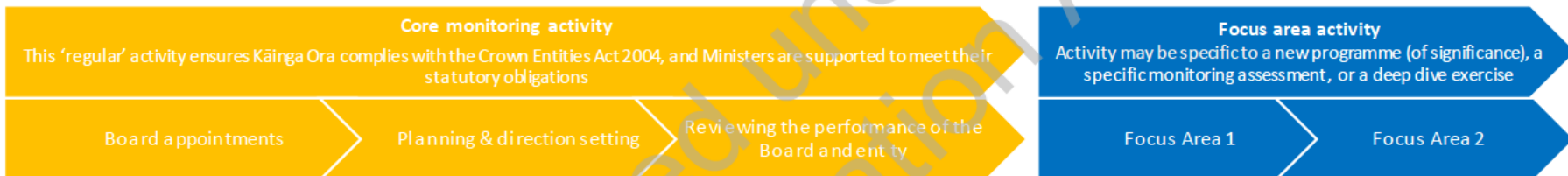


High level monitoring approach

Our monitoring approach sets out how the monitoring framework will operate in practice. It outlines the activities undertaken, anticipated inputs to support these activities, and the expected range of outputs. The focus of monitoring activities will be confirmed each year through the annual monitoring plan and in any specific focus area monitoring plans



Seeking assurance of the multiple dimensions above, is provided through the below **activities and outputs**:



The **influences** that impact the level of monitoring and its prioritisation include:

- Risks identified
- Ministerial expectations (including those related to legislative change and policy decisions)
- External agency focus, e.g. Audit NZ
- Monitoring function capacity

Inputs that contribute to monitoring activities and outputs, and support advice to Ministers include, but not limited to:

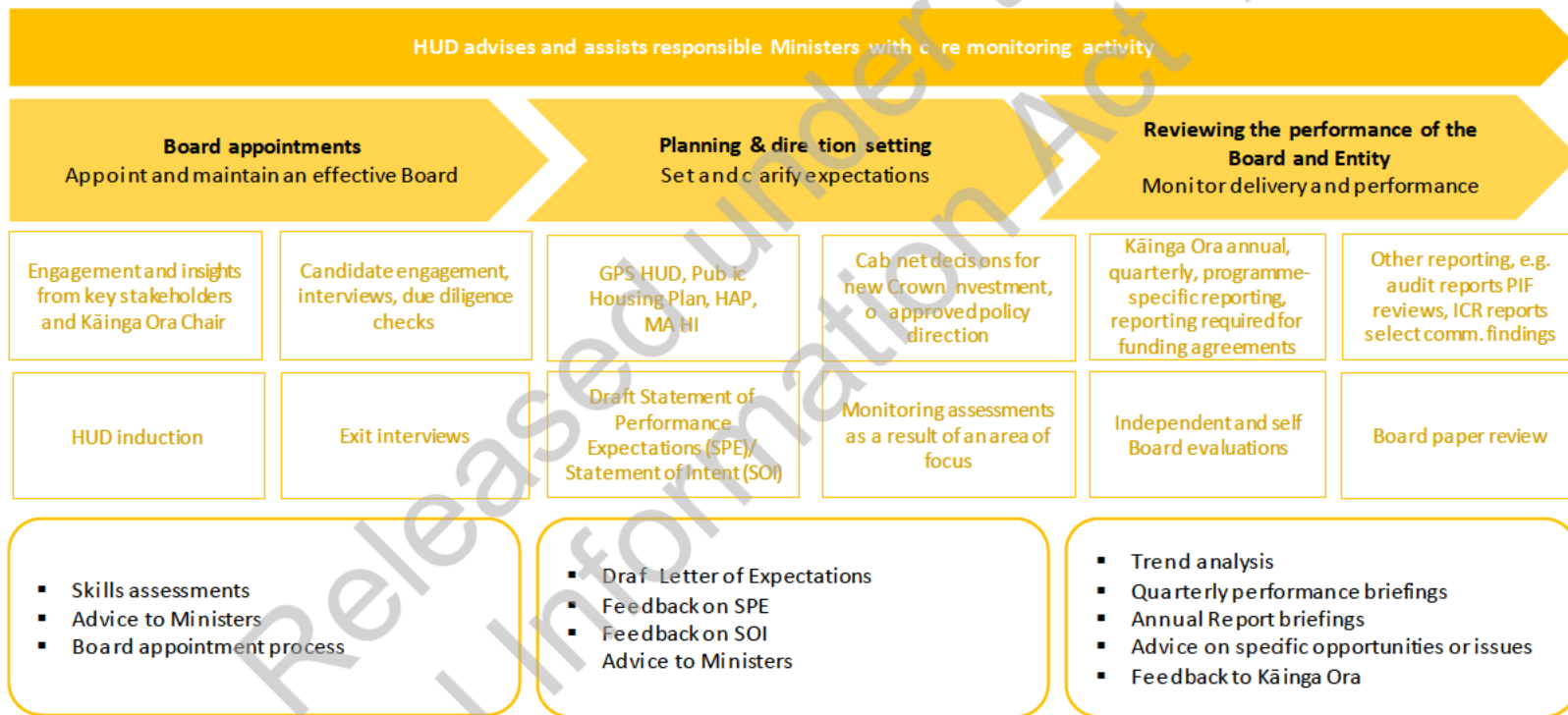


Monitoring Outputs



Core monitoring activity

This diagram represents the standard monitoring activity that will be undertaken, most of which aligns to the annual reporting cycle. It describes the core activities, outlines examples of information that contribute to the monitoring process and the expected outputs that will be produced.



Focus area framework

A focus area may be specific to a new programme (of significance), an assessment, or a deep dive exercise. Any one area of focus may be monitored differently from another depending on the nature of the activity and the reason for it being targeted. The outputs for each focus area may be different and may be incorporated into core monitoring outputs.

Generic domains of focus

This 'focus area framework' sets out generic areas that guide where monitoring will focus. These are across the eight organisational health domains, and key delivery areas

Specific focus areas

Sets out specific areas of focus to assess entity capability and performance within the generic domains. These will align with the entity maturity, strategic direction and operating context

Monitoring Inputs

(examples)

- Entity delivery reporting
- Programme or organisational reporting or assurance and risk

- Engagement with entity, stakeholders, board members
- Responses from Exec and Board

- Significant project/programme business cases

Monitoring Outputs

(examples)

- Monitoring plans
- Cross-agency terms of reference, joint programme plans

- Information sharing with Kāinga Ora and its Board
- Advice to Ministers

- Input in to business cases
- Ongoing analysis, review assessment, monitoring against findings

Monitoring plan

Outlines overall monitoring priorities for the year

Annual monitoring plan

