

Kāinga Ora—Homes and Communities Bill — First Reading

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KĀINGA ORA—HOMES AND COMMUNITIES BILL

First Reading

Hon NANAIA MAHUTA (Associate Minister of Housing and Urban Development (Māori Housing)) on behalf of the **Minister of Housing and Urban Development:** I move, *That the Kāinga Ora—Homes and Communities Bill be now read a first time.* I nominate the Environment Committee to consider the bill.

Kāinga Ora reflects our Government's commitment to take a hands-on approach—

SPEAKER: Order! Can I just check with the Minister: I have her giving a much longer introductory point. If that's changed, it would have been good to have had notice of it. It involved a reporting date and a select committee arrangement.

Hon NANAIA MAHUTA: Just to restate, I move that the Kāinga Ora—Homes and Communities Bill be now read a first time. I nominate the Environment Committee to consider the bill.

SPEAKER: So I'm now looking at the Leader of the House. The Government has changed its mind?

Hon Chris Hipkins: Yes.

SPEAKER: Right. Sorry, I apologise to the Minister. It's just that, when I'm briefed in a particular manner, I expect that to occur.

Hon NANAIA MAHUTA: Kāinga Ora reflects our Government's commitment to take a hands-on approach to tackling homelessness and unaffordable housing. Kāinga Ora will be our housing delivery arm right across the housing continuum. Kāinga Ora reflects a new approach to housing and urban development. It reflects a number of our commitments. Public and affordable housing are at the heart of our housing agenda. They are places where generations of young families have come to get a start in life and to put down roots in their community. We are strengthening the promise.

We believe Government should be an enabler of urban development to partner with the private sector, local government, and iwi to build vibrant communities rather than crowding out or replacing the private sector. Our message to developers is: we want to help you grow. We understand your constraints. We want to work together on the solution. We want to implement good urban design and develop well-connected communities with great transport connections, vibrant town centres, community infrastructure, and affordable homes. Mana whenua are at the heart of these developments as developers, builders, housing providers, and partners, and we want to support them too.

Creating an urban development authority (UDA) has been considered in New Zealand for some time. In their final term, the Clark Labour-led Government created a sustainable urban development unit, prepared Cabinet papers, and released a discussion document. Since then, the Productivity Commission has published three reports highlighting the need for an urban development authority to address New Zealand's housing supply and urban development issues. In 2017, as the national housing crisis became most acute, the previous National Government also released a discussion document on establishing a UDA. This is the first of two bills to establish Kāinga Ora. A second bill will be introduced later this year that will enable Kāinga Ora to undertake specified development projects, which are large-scale, complex urban developments designed to drive real change and urban renewal.

I'll come back to why Cabinet decided to split the bill in two and accelerate the entity legislation, but, first, Kāinga Ora is a new agency to partner with local government, iwi, and the private sector to build quality State and affordable and market homes and create thriving master-planned communities. Kāinga Ora has two core roles: being a world-class public housing landlord and leading and co-ordinating urban development projects. It will be a powerful delivery entity, capable of integrated urban development that provides a mix of public, affordable, and open-market housing. It will consolidate all three essential centres of development capability: Housing New Zealand (HNZ) and its subsidiary HLC and KiwiBuild. Kāinga Ora will undertake a range of large and small urban development projects throughout the country for some large-scale, complex development projects.

The second bill will provide for a range of statutory powers that will better enable development. The authority will have a streamlined resource management planning and consent process. It will develop project master plans that will replace local plans. It will be able to build and change infrastructure, and this will de-risk developments and enable us to partner with builders and build homes and undertake quality intensification. It will have the ability to levy or charge local residents to fund infrastructure and development activities. It will be able to bring together parcels of land; it can reconfigure reserves, create new parks, and the important public infrastructure that makes a suburb a community. The authority will be able to build much-needed housing and infrastructure at the scale and pace needed to tackle the housing crisis, as well as delivering quality urban developments that will connect homes with jobs, open spaces, and transport links.

By bringing these entities through, we are demonstrating our commitment to public housing. Proving this commitment, Housing New Zealand's new social objectives to provide decent housing, be a fair and compassionate landlord, and to help sustain tenancies will be enshrined in the authority's legislation, as will an obligation to assist tenants to sustain a tenancy, to support tenants to be well-connected to their communities, and to help tenants to lead their lives with dignity. Kāinga Ora's overarching objective, functions, and operating principles will establish a strong social mandate with an overarching focus on promoting the wellbeing of current and future generations. Clauses 13 and 14 set these objectives out.

We've split the bill to accelerate the development progress. The reason Cabinet is establishing Kāinga Ora on a quicker time frame is the benefits that come from maximising scale and integration. Consolidating Housing New Zealand, HLC, and the KiwiBuild unit as soon as possible will enable us to integrate the full Government build programme across our development efforts, reducing complexity and improving co-ordination. Builders and developers tell me that we are often talking with three heads. HLC has one set of procurement rules, HNZ another, and KiwiBuild a third. Some have been known to play these agencies off against another. By working together, we can get more out of our procurement programmes. Integration enables us to make it easier for builders to get on and build, including by rationalising processes and procurement across Government, move to long-term agreements with builders where we contract a large number of homes a year across the full Government build programme, giving them certainty and scale to reduce costs, invest in offsite manufacture, train staff, and build faster.

Finally, this bill also provides for a Government policy statement (GPS) on housing and urban development to promote a housing and urban development system that contributes to the wellbeing of New Zealanders. The GPS will allow the Government to set out its overall direction and priorities for the whole housing and urban development sector and how it expects Kāinga Ora and other agencies to meet them. The GPS will have a long-term outlook. It will be developed in consultation with stakeholders, with the first to be issued by 1 October 2020 and then reviewed every three years. This bill will enable Kāinga Ora to begin the vital work of contributing to thriving, sustainable, and inclusive communities for all New Zealanders. I commend the bill to the House.

SIMON O'CONNOR (National—Tāmaki): I rise, obviously, to take a call on Kāinga Ora—Homes and Communities Bill at this first reading. The National Party will be opposing the bill. In a strange way, I would suggest we may have been better to actually support it, because this bill is an admission of the Government's failure. It's a glaring, bold statement of the Government's failure, particularly around KiwiBuild—

Hon Scott Simpson: An abject failure.

SIMON O'CONNOR: An abject failure, as my good friend and colleague Scott Simpson says. And, in a sense, because it is such a failure—the Government's housing policies—perhaps this side of the House should have supported it, just to really highlight that fact.

But this is poor legislation. It's poorly thought-out, and I'll elaborate a bit on that later as to why. But to make it absolutely clear to the House, the National Party opposes this bill.

Look, fundamentally, the idea to merge Housing New Zealand, to merge HLC, the Hobsonville Land Company, and, importantly—and the Minister who's just resumed her seat, Hon Nanaia Mahuta, barely mentioned it—to merge the KiwiBuild Unit is, as I say, a huge admission of failure. This is an attempt to push under the rug the failure that is KiwiBuild, and then—well, not quite with any slickness—an attempt to grab, if you will, the success which is the Hobsonville Land Company and to rebrand it as KiwiBuild; to try and take where there is success and to try and play that into this whole new entity with a nice-sounding name, Kāinga Ora, to make it sound like it's new and novel, but really what it's doing is bringing two tired entities and one entity doing well to try and play off that success. One of the key aspects—

SPEAKER: Oh, I apologise. I apologise. The member's on overtime; we had 10 seconds of lunchtime. I suspend the House and I'll resume the Chair at two o'clock.

Sitting suspended from 1 p.m. to 2 p.m.

SPEAKER: The House has resumed. When we adjourned for the lunch break, we were debating the first reading of the Kāinga Ora—Homes and Communities Bill. Simon O'Connor was speaking, and he has eight minutes and six seconds remaining.

SIMON O'CONNOR: It's the six seconds which can be most important. Look, I have to acknowledge, actually, Ruth Dyson, who very kindly was offering to take this call, but seeing as we are opposing the bill, I didn't want to put her in an awkward position of being up against the Minister. Look, a couple of messages which I think are quite important, if not three: as I said, we don't support this bill because we really see this as just simply rearranging the deck chairs, effectively, on a Titanic, or a KiwiBuild Titanic, that is sinking. To blend Housing New Zealand (HNZ), which has always had its own struggles, both in asset management and tenancy management, and KiwiBuild, which is dead in the

water—not only has an iceberg hit it; it's hit it several times—but then to try and link it to HLC, to the Hobsonville Land Company, which, to be fair, has been doing a very, very good job—to link it in there is, effectively, a way to take the success of HLC and try to transmit that across those areas which are failing.

Importantly, there are about 27,000 houses that HLC are working on in the pipeline—27,000. That's a great number, and I'm happy to say it's a great number because they were all consented and started under National. I've got a sneaking suspicion—yes, I better repeat that: all of those 27,000 houses were started under National—that this Kāinga Ora bill is an attempt, by blending that work together along with HNZ and KiwiBuild—actually, I just realised I've spoken about KiwiBuild more than anyone else has done in the Budget in the last few days, but it's an attempt—

SPEAKER: Order! *[Interruption]* Order! We'll get back to the bill now, not the Budget.

Hon Gerry Brownlee: Yeah, well, it's in it.

SIMON O'CONNOR: Absolutely it's in it. They are trying to take those 27,000 houses and make that sound like something that this Government's achieved, and I expect that by bringing it in, they're going to claim that as KiwiBuild.

I think, fundamentally, as well, one of the real issues is we've had a Government that keeps talking about not selling off State houses, but under this proposed legislation they're going to be bulldozing houses in the likes of my electorate in Tāmaki, putting three or four of these Kāinga Ora houses on them, and, strangely enough, selling them—selling them. I think that's shameful. I think this is a bad bill—a very bad bill. It's an admission of failure.

Look, from a process point of view, I'm very concerned that this bill is the first of two. I'm becoming a little tired of the Government, in effect, introducing in set stages legislation, in that we are not able to see the entirety of their project at one time.

Hon Gerry Brownlee: Well, they don't know.

SIMON O'CONNOR: In fact, a suggestion has come to me that they themselves don't know. This is perhaps an indication that they're rushing this through, but I want to indicate from this side of the House a concern that there is a second bill coming and we don't know exactly what's in that.

There was also going to be, I understand, an attempt to have a shortened report back. I want to acknowledge now that that does not appear to be the case and, to be generous, seeing we're on a Saturday afternoon, to the Minister and the Government, we're actually going to get a full process in select committee where people are able to have, rightly, their say.

The last thing I'd like to say, if I might, is I think, as I said right at the start, this particular piece of legislation is an admission of failure, and I'm going to suggest, particularly to the Minister who's here, that this bill, this attempt to, as I say, rearrange the deck chairs and, in a sense, try to pull the wool over people's eyes to make a success—

Hon Gerry Brownlee: A flash cover-up.

SIMON O'CONNOR: —yeah, a flash cover-up—is still not going to work. The Minister himself knows that, because as I've gone through the Budget documents, when it comes to social housing, which this bill is set to address, the Government is admitting that emergency housing grants are not only going up but are going to go up even higher—even higher. What that is saying to us is that regardless of what this bill is trying to do, which is creating an extra supply of social houses, of State houses, the Government is still expecting there to be an enormous waitlist. In other words, everything that this bill is trying to do will fail. It was budgeted about \$25 million on emergency housing grants. That's to help people into—well, for the Government, still into motels and caravans, \$25 million. The current budget said they've spent \$70 million—\$70 million—and over the next year they're expecting \$120 million to address State housing.

SPEAKER: Keep relating back.

SIMON O'CONNOR: I think what's really important is this is aimed at those people. It is very difficult to reconcile how this bill, put to us to solve the housing crisis, can sit in parallel to almost half a billion dollars of emergency housing grants in the next four years. That is an admission of failure. It's an admission that there will still be enormous numbers of Kiwis in need no matter what this bill does—no matter what this bill does. It's probably not really a surprise to me, because as I said right at the start and repeatedly, this bill is an admission of failure. Blending three entities together, two that are failing, taking the good of one—and I'll end on this—the one that's doing well, the Hobsonville Land Company, those 27,000 homes, which was started under National—started under National; it's as simple as that.

I give a quick shout out to my stepson and wife in the gallery—good that there's two members of the public here. Thank you very much, Mr Speaker.

Hon PHIL TWYFORD (Minister of Housing and Urban Development): Thank you, Mr Speaker. The Kāinga Ora—Homes and Communities Bill establishes a new Crown agency that will be the Government's delivery agency for housing and urban development. It's going to have two main jobs. One is that it will be our public housing landlord, so it will inherit the great tradition that Housing New Zealand currently has stewardship of. It will manage the assets and the tenancies for some

68,000 State houses, but alongside that, it will also be responsible for delivering for the Government a programme of large-scale urban development projects. This is something new, and it's something that New Zealand cities desperately need.

We haven't had in this country a tradition that has been common for the last three and a half decades in Australia, going back to the Whitlam years, in New South Wales, Victoria, and South Australia, of public agencies whose job it is to lead and facilitate large-scale either urban regeneration projects, brownfields and greyfields projects, or large-scale greenfields developments. These entities, often described as urban development authorities, are very common in North America and Europe, and their purpose is, essentially, to de-risk for private investors what otherwise would be developments in our cities that are too complex for the private sector to do on their own. We need public agencies who can do the master planning, handle the resource consenting, invest in the infrastructure and the public realm—the parks for the neighbourhoods, civic amenities—and then provide the opportunities for private sector investors to come in and do what they do well, which is to build great places for people to live, play, and work.

I said we haven't had that kind of track record in New Zealand of doing that—there are some good examples, and Hobsonville Point is one of the finest. It has been, without doubt, a brilliantly successful development commercially, it has demonstrated a way of working that has changed the model for so many property developers and construction companies, and it has created a new normal for medium-density suburban development in our country's biggest city. So HLC, the subsidiary of Housing New Zealand that have led that project, deserve enormous credit for that.

The Auckland and Wellington waterfronts, actually, are also really great examples of urban renewal led by, in this case, local government, and the urban regeneration that we've seen at Wynyard Quarter, led by Auckland Council subsidiary, is another great example of that. The Britomart development is also a good example. New Lynn in Auckland: an example of transit-oriented development. All of these projects demonstrate elements of what we want to achieve, but we're looking to scale it up and we're looking to be able to do this throughout the country.

The companion piece of legislation to this, which will be tabled in the House in the next few months, will legislate a set of special powers that the new urban development authority, Kāinga Ora, will exercise, almost always in partnership with local government or local government development agencies, but also with private sector, investors and developers, and mana whenua. They will be joint-venture vehicles at the local level, designed to unlock private investment and deliver large-scale master plan developments at scale and pace and deliver vibrant new communities, with all of the transport infrastructure, the urban design—all of the things that modern communities look for.

I want to say something about Housing New Zealand, because that is something, for parties on this side of the House, that is incredibly important to us. Public housing or State housing is part of the great New Zealand tradition, and it will find under this legislation a new home within Kāinga Ora—

Homes and Communities. Why are we doing that? The first reason is that we want State housing to be at the heart of all of our urban development work. We want public housing, affordable housing, to be in the mix whenever we do these large-scale developments—big, medium, or small.

The other important thing is that in recent years, Housing New Zealand has developed an impressive non-profit developer capability. It's currently building several thousand new homes a year all around New Zealand, and we want that capability to be alongside the KiwiBuild procurement programme, and alongside the precinct planning and land development capacity that HLC has built up off the back of Hobsonville Point. We're bringing all of that together so that the Government has tooled-up capability to engage directly with the market, to build the volume of homes—the affordable homes with high-quality master planning—that we desperately need.

One of the things that so many people in the private sector have said to me over the last 18 months is that the Government's had multiple agencies—HLC, KiwiBuild, Housing New Zealand's development unit—that are out there in the market, often competing against each other and sending different messages. So we are bringing them together into one consolidated capability.

The other critical thing that's in this legislation, which I just want to mention—there will be plenty of time to debate this as the bill makes its way through the different passages—is that we are, in this bill, mandating a Government policy statement for housing and urban development. It mirrors in function the way that the Government policy statement works in transport. It has a 10-year horizon and a three-year cycle. It gets renewed in sync with the parliamentary cycle, so every new term of Government, there will be this high-level policy statement that sets out the Government's goals, its strategy, how it's going to work with other players and partner with others to deliver so that everybody in the system, from non-profit community housing providers through to the property development sector and local government, know exactly where we're going, what we're aiming to achieve, and how we can work together to deliver on these goals. That will not only provide that high-level policy statement for industry and for the sector but will also provide Kāinga Ora with its riding instructions.

I'm going to leave it there. I want to thank all of the people, particularly the public servants, who have done a huge amount of policy work bringing this bill to this point over the last 18 months. I'm sorry to hear that the National Party are opposing this bill. It's worth mentioning that the Hon Dr Nick Smith, over the course of 2017, took this very concept of an urban development authority to Cabinet. In fact, he published a discussion paper with very similar policies and took it up and down the country, consulting. So I'm sorry that the Opposition is not going to support this bill, because they did actively promote and support these ideas and these policies in their last year in Government. Thank you.

ANDREW BAYLY (National—Hunua): Thank you, Mr Speaker. It's an interesting thing to be talking on this Kāinga Ora—Homes and Communities Bill, and I think that Minister Phil Twyford should actually apologise to people on this side of the House for the failings that he has set about doing over the last 19 or maybe 20 months.

In fact, it's interesting that this is the first time we've even heard KiwiBuild talked about in the Budget—the so-called Wellbeing Budget. Why is that? Why is that? We all know why. We had—what? What were the targets we had? KiwiBuild were going to do 1,000 houses in the first year. That became—what?

Alastair Scott: No, it was 10,000 in the first year.

ANDREW BAYLY: Oh, 10,000. Then it was 1,000, then it was 300. Now, it's 200—isn't it?

Hon Gerry Brownlee: No, 74.

ANDREW BAYLY: Oh! Well, I think, Mr Brownlee, we've achieved 74 so far.

This is a Minister who is in trouble, who is not across his portfolio. It's taken 20 months to get to this stage and, hey presto, we're going to bang three organisations together, and that's going to solve it. That's going to solve it.

Hon Gerry Brownlee: Straight under the carpet.

ANDREW BAYLY: Yep—yep. It's interesting. You know, the three entities are quite good—well, at least one of them. I think HLC, run by that well-known person Chris Aitken, has actually achieved a lot. He has achieved a lot. They have done a good job out in west Auckland and, of course, now in central Auckland, but the—

Simon O'Connor: And Tāmaki.

ANDREW BAYLY: Yes, that's right, Mr O'Connor—and in your electorate, Tāmaki. But the issue around slashing and burning, and hashing these three entities, Housing New Zealand; its subsidiary, HLC; and KiwiBuild, which is now turning into a bit of a branding disaster, together into one entity—that's going to solve it!

I think the issue is, you know, we all know that KiwiBuild is on life-support. If there's anything that needs oxygen, it would have to be KiwiBuild.

Hon Gerry Brownlee: They've pulled the plug on it today.

ANDREW BAYLY: Well, yeah, I know, Mr Brownlee. But the thing I find quite interesting about this, Mr Speaker, is that this is the Kāinga Ora bill—right? But, actually, on looking, I'm reliably informed by a colleague that Auckland District Health Board and Waitematā District Health Board also have an entity called Kāinga Ora, and that was established in 2013 by—guess who?—National. National. In fact, it was further enhanced in 2016.

Do you know what it does, Minister? Do you know what that entity does, the one that's owned by the district health boards (DHBs)—this Kāinga Ora entity? What it does is it provides heaters, insulation, and curtains for people who have got homes that are cold and damp—right—and we chucked money into it. It's a great proposal.

My first question to the Minister is that you've just nicked the name of another Government entity that's part of the DHB, so are they going to have to now rebrand? Are they going to have to rebrand? All the wellbeing money that you've thrown into the DHBs, the so-called millions of dollars—are they now going to have to spend some of it rebranding Kāinga Ora in the Waitematā and Auckland DHBs? I think that would be a travesty, Minister.

I also love this thought about—and I love these terms—having urban development "at pace". Well, I've got to say, the only thing that Mayor Len Brown used to talk about doing was "at pace". Everything was being done "at pace", and it's good that the Minister is now picking up on this phrase. "Vibrant communities"—that is something, I am sure, that by the time this bill is finished, we are going to be sick and tired of hearing. Then the other one is the "high-quality master planning"—ooh, yes. These are phrases that just roll off the tongue and, of course, sound beautiful—absolutely beautiful. One might also say it's in the context of a wellbeing, warm feeling.

I think, Minister, we will be testing you during the course of this bill as it progresses through the House, because putting three entities together and rebranding them and hoping that that will solve your problems will not—

SPEAKER: Order! Order!

ANDREW BAYLY: —actually, and we will be chasing—sorry, Mr Speaker. Thank you very much.

MARAMA DAVIDSON (Co-Leader—Green): I'm very pleased to be supporting Kāinga Ora today—Kāinga Ora—Homes and Communities. The Greens have always understood that we need to move away from using houses as a commodity, and from building houses as opposed to co-designing communities with the very groups of people who are going to be living in the very houses. So this particular bill is the start of a new approach to developing homes and communities, bringing under the Crown purview a collection of agencies and organisations, including Housing New Zealand, HLC, the KiwiBuild unit, and the housing assistance part of the Ministry of Housing and Urban

Development. The problem that we have long faced—in fact, far too many decades long faced—is the ad hoc, poorly planned, particularly urban fringe development approach, but, actually, our cross-country development approach.

So we are looking towards a solution where the Crown housing development overview has joined-up thinking to make sure that we are connecting people, homes, and designs to public transport, to infrastructure, to where people need to go to school and go to work and go to play. This is why we, the Greens in particular, have a particular interest in this direction, because this new approach has incredible potential to transform the way that we do housing—a transformational approach that the Greens have long advocated for, because the private sector has absolutely failed on its own to provide the affordable, connected, and sustainable communities that New Zealanders want and deserve.

So we do need to do things differently, and, also, as we tackle the challenge of climate change, we need to ensure that we have buildings that are sustainable and inclusive in our future. Every housing development, we think, should have high-quality public transport linkages, should be inclusive of the ways that diverse communities live and work and play and connect, and should really recognise the interconnected wellbeing of people and the environment. We have not taken that overview and holistic approach in this country yet, and we are today trying to clean that up and deal with the impact of a lack of joined-up thinking and less of a capability to be able to address the challenges—the very, very real challenges—both on a daily, house-by-house level and also the big challenges when it will come to designing communities around climate change but also inequality, energy costs, rising unaffordability, and so forth.

So we're excited by this potential. Yes, we know that change brings risk, so we want to be clear that we should ensure that we are building more State and public houses—absolutely. I want to congratulate Minister Kelvin Davis and Minister Nanaia Mahuta, alongside Minister Phil Twyford, for a specific section of the bill—here it is—that refers to the Māori interests. I think that needs to happen across bills and legislation, which is a more enduring and sustainable way of approaching legislation in this House and will actually add value to how we design and do things. In Part 1, Subpart 1 "Preliminary provisions" of the bill—I think it's clause 4—the Māori interests section provides recognition that the Crown needs to respect its "responsibility to consider and provide for Māori interests". It's not just a good thing to do to uphold the Tiriti partnership, and there's quite a bit in that particular part of the bill, but it is actually about drawing on the relationships and the knowledge, the mātauranga, from indigenous ways of thinking and living, and adding that to our Crown approach and working properly with our partners to ensure that when Māori interests are upheld, so are everyone else's. So I wanted to particularly congratulate the cohort of Ministers for working on that together, and the Greens will be very interested in supporting and monitoring how all of that goes.

Just to finish—

Hon Gerry Brownlee: Oh, thank goodness.

MARAMA DAVIDSON: —the sustainable, inclusive, and—well, for that—I know that the Hon Gerry Brownlee in particular likes to have a good listen. For that, I might just outline some of the visions again of thriving communities in this bill, which is what I'm talking about. This bill is about providing people with good quality, affordable housing choices that meet diverse needs. This bill needs to uphold throughout its legislation supporting good access to jobs, amenities, and services—and that's why, again, the Greens are supporting this—sustaining and enhancing overall economic, social, environmental—

Simon O'Connor: This sounds very expensive.

MARAMA DAVIDSON: —and cultural wellbeing. What is expensive—coming from the Opposition—is if we don't maintain these sustainable visions for all of us. That is what is expensive. So this is leadership again, and the Greens will be very interested in seeing that this reaches the potential that it should have. Thank you, Mr Speaker.

Hon Dr NICK SMITH (National—Nelson): When I heard on Budget Day the introduction of this bill, picking up the concept of an urban development authority for New Zealand, I became incredibly excited. I thought, "At last, we are going to get some real action on the issues that will make a difference to the housing challenges New Zealand has got."

I put a discussion document out in March 2017 around the notion of an urban development authority that would be able to cut through some of the red tape of the Resource Management Act and the need to be able to reconfigure roads and infrastructure in areas where we have a second phase of development. Further to hearing the interjection from the Minister, I thought, "Oh, good, there must be something in the bill along those lines." It is absolutely vacant. This bill does nothing more than reorganise a few Government agencies in the housing sector. I have to say, the only times I see Ministers fiddling around with different Government agencies is when they have become so vacant of real reform and real ideas that will make a material difference. This makes a bigger hole of the issues around housing.

Now, the Government started off with a policy of KiwiBuild. I remember Phil Twyford first saying it was going to be 10,000 houses a year, and they were going to be an average of \$300,000 each. I also remember opening a whole set of the housing estate in Awatea with my colleague Gerry Brownlee. Those houses averaged \$430,000 each. The Minister opposite said, "How could the Government possibly believe that \$420,000 was affordable?" Isn't it interesting how now he's selling KiwiBuild houses at \$580,000 and, magically, they have become affordable.

Barbara Kuriger: Or not selling them.

Hon Dr NICK SMITH: Well, not selling them, for that matter. I do challenge the Minister and say "You can rejig these Government agencies around, but if you really want to talk about establishing an urban development authority—of which there are good models in Australia, and there are good models in the UK and Canada and the US—you are going to have to sort the issues out with the Green Party over what we do with the Resource Management Act.", because, actually, it is the price of the sections and it is the barriers to being able to do major developments like Hobsonville or others. If you want to get pace and momentum, they will be critical to it.

The last point I'd want to make is actually a very concerning report that came out from Statistics on the same day as the Budget. For the last six years, we have seen compound growth in the number of homes that are being built in New Zealand of about 20 percent per year. Back after the global financial crisis, new house construction levels in New Zealand got down as low as 13,000 per year. They grew every year for six years—31,000 when the Minister took office. We're now up to 33,000. The part that should concern every member of this House that's genuinely worried about housing, recognising that supply is key, is that the report on Thursday from Statistics New Zealand said that we are seeing the first decline in the amount of new housing activity, and that we are seeing a decline in the expectations of investments.

The Minister is going to have to do a whole lot better than this bill, and I suggest he does pick up the concepts and work that was done by the previous Government on an urban development authority that would make a material difference rather than this very superficial rearranging of Government departments.

A party vote was called for on the question, *That the Kāinga Ora—Homes and Communities Bill be read a first time.*

Ayes 63

New Zealand Labour 46; New Zealand First 9; Green Party of Aotearoa New Zealand 8.

Noes 46

New Zealand National 44; ACT New Zealand 1; Ross.

Bill read a first time.

Bill referred to the Environment Committee.
