



BRIEFING TO THE MINISTER FOR LAND INFORMATION >

NOVEMBER 2008

Toitu te
Land whenua
Information
New Zealand



PHOTOGRAPHY >

Northcape, Northland, North Island.

www.linz.govt.nz/core/topography/aerialorthophotos/orthophotoindex/index.html

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INTRODUCTION >

Land Information New Zealand (LINZ) was established on 1 July 1996 and is responsible for policy, regulatory and service delivery of New Zealand's authoritative land information.

LINZ is responsible for:

- developing land information policy
- regulatory frameworks used to define and transact land
- providing a secure environment for buying, selling and subdividing land property through:
 - guaranteed titles for property dealings, and
 - an accurate system of land boundary definition
- administering the Crown's interests in land through:
 - the acquisition, disposal or administration of Crown land, and
 - the management of Crown land liabilities
- providing a nationally consistent valuation system for rating purposes
- helping address Treaty of Waitangi issues by providing information on land history and status and contributing to the policy relating to Treaty settlements
- administering New Zealand's inbound investment regime under the Overseas Investment Act 2005, and
- ensuring that New Zealand has high-quality databases for its survey, mapping, hydrographic and property activities.

This briefing introduces LINZ, starting with the issues that will require the attention of the Minister for Land Information in the next six months (Section A). It then sets out the strategic issues the department faces, including the LINZ perspective on the critical issues for environmental sustainability.

Section B outlines LINZ's responsibilities, which are covered in more detail in the Statement of Intent 2008-09 and the Annual Report 2007-08 (copies provided with this briefing). Section C provides a brief description of LINZ's regulatory role, a list of the legislation that LINZ administers, its statutory officers and boards and the operational decisions that the Minister is required to make.

Further information can also be found on the LINZ website www.linz.govt.nz, on the Landonline website www.landonline.govt.nz, and the website of the New Zealand Geospatial Office www.geospatial.govt.nz.

If you would like a more detailed briefing on any matters covered in this briefing, please advise Colin MacDonald, Chief Executive of Land Information New Zealand.

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This document has been approved for release. [LINZ, 12 December 2008]

SECTION A – CURRENT AND STRATEGIC ISSUES >

HEADLINES ON CURRENT MATTERS

Outlined below are those current matters from across LINZ's areas of responsibility that we will be discussing with you in the near future. These are also described in greater depth in Section B.

Overseas Investment Office (OIO)

Slow application turnaround times limit overseas purchasers' ability to make investment decisions and reduce the attractiveness of New Zealand as a place to invest. The key challenge in the next six months is for the OIO to improve its turnaround times for the processing of applications under the Overseas Investment Act 2005. Good progress is being made against a plan previously agreed with Ministers (see page 8).

Public access

LINZ is negotiating public access easements across a number of pastoral leases for the Te Araroa Trust's national walking trail. (see page 11).

Land Valuation Tribunal hearing – Minaret Station pastoral lease

The Land Valuation Tribunal hearing into the rental valuation for Minaret Station is a test case of the Crown methodology of land valuation for rent assessment. Since May 2007, LINZ has issued rent notices that reflect amenity values, which include factors such as location, landscapes and views, and natural characteristics. A review, completed in 2006, concluded that a proper interpretation of section 131 of the Land Act 1948 requires amenity values to be taken into account when valuing land for rental calculations. The hearing commenced on 13 October 2008 but ran over time. The expected date for the conclusion of the hearing is 9 December 2008 (see page 11).

100% e-lodgement

From 23 February 2009, electronic lodgement of land title transactions will become mandatory. This completes the move to 100% e-lodgement of land title transactions and survey plans using Landonline services. Coinciding with mandatory electronic lodgement, the public counters at three of LINZ's five processing centres (Auckland, Wellington and Dunedin) are scheduled to close in late February 2009. The 100% e-lodgement of titles and surveys is a world first.

Access to all current, frequently-used survey and title records is available for land professionals via Landonline. The only documents or records that are unavailable are those that are historic, too fragile or large to convert to digital records, or are infrequently accessed. Reading rooms in LINZ processing centres will continue to operate for viewing original records that are not capable of being supplied electronically or as photocopies. The public can order copies of land records online, or by fax, post or phone (see page 12).

Māori land compliance issue

In the Landonline electronic title transaction system of 'e-dealing', the lawyer certifies that requirements for a transaction have been completed. Concerns about controls for Māori land compliance in the e-dealing system led to LINZ specifically analysing compliance trends for e-dealings affecting Māori freehold land. The results indicated that lawyers have provided incorrect Māori land certifications and failed to meet their obligations on numerous occasions. LINZ has made a change to e-dealing processes for Māori freehold land and issued a joint communication with the Property Law Section of the New Zealand Law Society outlining the expectations of lawyers working on these transactions (see page 14).

Reinstatement motion in Parliament

The Reserves and Other Lands Disposal (ROLD) Bill is the only LINZ-led legislation that was in the House when Parliament was dissolved. The ROLD Bill had been introduced into the House and was awaiting its first reading. The Minister's Office may wish to ensure this Bill is included in the reinstatement motion in the House.

Upcoming key dates (to April 2009)

Date	Activity	Context
Dec 2008	OIO quarterly report back	Overseas Investment Office (OIO) quarterly report to Minister for Land Information and Minister of Finance on reducing processing turnaround times
23 Feb 2009	Mandatory 100% e-lodgement	As of this date all land title transactions and survey plans must be lodged electronically in Landonline
Feb 2009	OIO fees and regulations	A review of the regulations relating to overseas investment, associated fees and charges and Ministerial delegations
Mar 2009	Co-management accord with Waikato-Tainui	Signing of co-management accord between Waikato-Tainui and the Commissioner of Crown Land as part of Deed of Settlement for the Waikato River claim
Mar 2009	NZGB appointment	Appointment of one new member under the New Zealand Geographic Board Act 2008
End April 2009	NZGB Act – report back to Cabinet	New Zealand Geographic Board Act 2008 - a report back on progress in addressing technical issues with the use of macrons in some electronic databases and a recommendation on the commencement date for sections 32 and 33 of the Act

Other early matters without specified dates

- Signing compulsory acquisition notices under the Public Works Act 1981 (these powers cannot be delegated to LINZ officials)
- Decisions on funding appropriations to cover losses on disposals of Crown assets, in particular recent decisions on Crown forest lands and forthcoming disposals of properties by the Ministry of Education and the Lakes District Health Board.

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Under Cabinet decisions you are required to consider certain matters in conjunction with other Ministers. These include:

- Approving funding for Crown pastoral lease tenure review proposals, following consultation with the Minister of Conservation
- Considering reports that assess the disposals of “lands of potential interest” proposed by Crown agencies and entities (as part of a Ministerial Group including the Minister for State Owned Enterprises, the landholding Minister and consulting with the Minister of Finance where required)

You may wish to review these requirements. The processes are described further in Section B.

STRATEGIC ISSUES

Using geospatial information to position New Zealand for the future

Geospatial information underlies many of the facilities and services in New Zealand, for example, postal codes and weather maps are referenced to geographic location.

It is increasingly understood that geospatial information is an infrastructure as much as highways or telecommunications. There is a rapidly expanding range of information technology applications that rely on spatial databases and geographic-reference information. For example:

- emergency response applications exist that rapidly convert telephone numbers of incoming emergency calls to a map that shows the location of the caller and the most rapid avenue of response
- in the area of housing, geospatial information can assist the identification and evaluation of potential development sites based on the location of amenities and utilities, such as transportation systems.

By facilitating an environment to commercialise spatial products and services, New Zealand’s resources may be used to fuller economic advantage.

At present there are barriers to development because the underlying information infrastructure either does not yet exist or has not been developed consistently. Moreover, the geospatial sector in New Zealand is dominated by small businesses for which innovation and commercialisation can be difficult.

If these businesses are to grow to have a presence on the world stage, an infrastructure for the development of spatial data systems is needed, along with the development of industry-government partnership programmes.

The role for LINZ would be to provide the technology standards, systems and protocols necessary to harmonise all of these geospatial databases, and to improve accessibility via the Internet. To get there, broad collaboration across government and commercial sectors is needed to establish a self-sustaining infrastructure.

LINZ could act as a broker between government and the private sector in this area to form networks and partnerships to best leverage New Zealand’s land information and facilitate effective knowledge exchanges.

The sharing of information and experience and the development of an inventory of knowledge assets held by the Crown and private providers could help organisations improve the quality of their decision-making.

A review of the regulatory framework for land

It is over 10 years since LINZ was established, bringing together the public administration of land regulation, Crown property management and land information. LINZ was established on 1 July 1996, taking over responsibility for the policy, regulatory and core government service delivery functions of the former Department of Survey and Land Information, the Land Titles Office, and the purchase of hydrographic services from the New Zealand Defence Force.

The Office of the Valuer-General, which had previously been a function of the Valuation Department, was transferred to LINZ in 1998. The processing of overseas investment applications was brought into LINZ with the introduction of the Overseas Investment Office in 2005.

The restructure of these government functions aimed to create a contestable environment for services such as valuations, for example, with the creation of Quotable Value (QV). After 10 years it is timely to review whether these intended results have been achieved. A review could look at whether the changes achieved contestability, have safeguarded the integrity of the land regulatory framework and, whether any new issues have been created.

Environmental sustainability

The Ministry for the Environment, the Ministry of Economic Development, the Department of Conservation, the Ministry of Fisheries, the Treasury, Te Puni Kōkiri, the Department of the Prime Minister and Cabinet and LINZ, have identified some critical issues related to New Zealand's move towards environmental sustainability. The list of issues (below) includes both pressures on the environment and issues arising from the policy or management arrangements for addressing those pressures.

- The role of the Resource Management Act in providing for environmental and socio-economic outcomes, and allocating scarce resources
- Developing natural resources policy and management arrangements that better reflect the Treaty of Waitangi relationship
- Fresh water quality decline, demand pressures and allocation
- Pressures on biodiversity and ecosystems
- Environmental pressures and allocation issues for New Zealand's oceans, particularly the near-shore marine environment
- Reducing New Zealand's greenhouse gas emissions and adapting to climate change

A separate briefing on environmental sustainability authored by the departments mentioned above, is attached to this briefing (Appendix 1).

Critical sustainability issues from a LINZ perspective

While LINZ can contribute to the development of policy relating to each of these issues, four in particular affect the Land Information portfolio.

Natural resources policy and management arrangements that better reflect the Treaty of Waitangi relationship

Recent Treaty settlements have placed increasing pressure on LINZ to change the management structures and disposal processes for LINZ-administered assets (a recent example being the Waikato River settlements). Broader governmental sustainability objectives are not explicitly considered in the Treaty settlement process - in part because these objectives are still being developed. LINZ's land management also faces often competing calls for either increases or decreases in public access, protection of significant values (including cultural, historic, landscape, heritage, recreation, etc), or land use restrictions and environmental sustainability activity (eg ranging from pest and weed control to changing ownership of the land).

Co-ordinated, effective and efficient decisions for sustainable management and ownership of natural resources by LINZ and other departments will require clear all-of-government objectives to guide decisions when competing land use and management demands arise. LINZ's expertise in managing property rights frameworks and managing and coordinating geospatial information can inform the development of these objectives and assist in future monitoring of performance in achieving these objectives.

Fresh water quality decline, demand pressures and allocation

Much of New Zealand's international competitive advantage lies in the quality and quantity of our natural resources and in our 'clean green' image. Because of this favourable image, reputation for integrity, natural resource base and related capabilities, New Zealand is well placed to take advantage of international opportunities. However the benefits could be squandered if the environment is degraded in pursuit of higher short-term production.

As LINZ administers river and lake beds on behalf of the Crown, LINZ faces increasing pressure to ensure that its water resources are managed sustainably. This means that surrounding Crown land also needs to be managed sustainably. In addition to helping develop policy for the management of New Zealand fresh water resources, the control of pests (plant and animal) on Crown-owned riverbeds and lake beds is vital to ensuring the natural resource base is protected.

Pressures on biodiversity and ecosystems

LINZ manages considerable land by way of Crown forest land in the North Island, South Island high country pastoral leases, river and lake beds and a range of other land parcels. Competing demands from central, regional and local government, lessees and licensees, iwi and public interest groups impact on LINZ's management of these assets. These competing demands influence decisions on matters such as: pollution from land activities, sustainability of water extraction, access, erosion, pest management, tree planting, renewable energy and reserving land for the conservation estate. In respect of pastoral leases, for example, through the tenure review process a number of high priority environments were protected and distinctive or rare ecosystems protected. While the record of protection has progressively increased, further opportunities are possible.

Environmental pressures and allocation issues for New Zealand's oceans, particularly the near-shore marine environment

The inland water and ocean environments are large interconnected ecosystems containing increasingly important resources. The management and property rights for these resources are currently managed on a largely ad-hoc, resource-specific basis and are coming under increasing pressure.

LINZ-led work on surveying the limits of New Zealand's continental shelf led to the recently accepted submission to the United Nations Commission on the Limits of the Continental Shelf. While LINZ manages a detailed land title register and cadastral survey system that extensively maps and defines property rights on land, there is no equivalent national property rights framework applicable in the marine environment. The recognition of the outer limits of the continental shelf, along with the pressures on inshore marine space (eg for marine farming), will bring into greater focus the fact that New Zealand is not yet well placed as a nation to enable the greatest benefit to be obtained from its marine resources. LINZ's expertise and experience in defining, mapping and managing property rights frameworks could assist in providing some certainty to the increasingly important task of sustainably managing New Zealand's oceans. In addition, LINZ manages the inter-agency Ocean Survey 20/20 programme which aims to provide New Zealand with greater knowledge about its ocean territory.

SECTION B: OUTLINE OF LINZ RESPONSIBILITIES >

OVERSEAS INVESTMENT OFFICE (OIO)

Overseas Investment Act 2005

The Overseas Investment Act 2005 (the Act) contains a screening and compliance regime for overseas investors wanting to acquire sensitive New Zealand assets. These sensitive assets include significant business assets (non-land assets valued at \$100 million or more), certain types of sensitive land, and fishing quota. The Act incorporates sections 56 to 58B of the Fisheries Act 1996, which regulates the acquisition of fishing quota by overseas persons. The Act aims to provide better protection of sensitive land (for example, sites of special historic, cultural or environmental significance) while also encouraging foreign investment where it can make a positive contribution to the New Zealand economy.

The Act is administered in the Treasury, and Treasury is responsible for strategic policy. Primary responsibility for development of operational policy or operational functions rests with LINZ, subject to consultation with the Treasury. The guidelines around the delivery of policy advice and aspects of the operational functions of the OIO are set out in a Memorandum of Understanding dated October 2005 between Treasury and LINZ.

Ministerial roles

The Act contains a standard generic definition of the term “Minister”, which refers to the Minister who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of the Act. The Minister responsible for the administration of the Act (and the Act’s predecessor, the Overseas Investment Act 1973) has always been the Treasurer/Minister of Finance.

The Minister decides applications relating to significant business assets. Sensitive land applications are decided by the Minister and the Minister for Land Information. The Minister and the Minister of Fisheries decide fishing quota applications. Ministers make consent decisions after considering recommendations made by the OIO. Currently, the Minister and the Minister for Land Information delegate some of their powers and functions under the Act (including decision-making powers) to LINZ, under a designation and delegation letter dated 12 December 2007.

Under section 34 of the Act, the Minister may direct the OIO by a Ministerial directive letter, and the OIO must comply with it. The current Ministerial directive letter dated 31 October 2007 directs the OIO (among other matters) about the Government’s general policy approach to overseas investment in sensitive New Zealand assets.

Role of Overseas Investment Office

The regulator administers the Act. The regulator is defined in the Act as the chief executive of the department that is designated by the Minister as the regulating department. The Minister may revoke the designation of the department as the regulating department at any time.

LINZ was made responsible for making decisions on overseas investment applications by designation and delegation letters dated 24 August 2005 and 12 December 2005. LINZ’s powers and functions under the Act are delegated to staff within the OIO. The OIO forms part of LINZ’s regulatory group.

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The OIO is responsible for receiving and processing applications under the Act, advising the relevant Minister or Ministers on how the applications should be determined, consulting with relevant government departments and other agencies as appropriate, and providing information to applicants and the public generally.

Processing of applications

Following the introduction of the Act, the number of applications has increased rather than reduced as originally predicted. The increased requirements and complexity of the Act have contributed to a substantial increase in turnaround times. This was compounded by difficulties in recruiting appropriately qualified staff.

In June 2008 there were 105 applications on hand. As at 12 November 2008, this has reduced to 65 applications. On average the OIO receives 15-25 applications a month. The average processing time for applications completed since 1 October 2008 is 27 working days for delegated applications and 107 working days for Ministerial applications.

Slow turnaround times limit overseas purchasers' ability to make investment decisions thereby reducing the attractiveness of New Zealand as a place to invest. The key challenge in the next six months is to improve the turnaround time for the processing of applications under the Act.

Processes have been established in consultation with the Treasury and the previous Ministers of Finance and Land Information to reduce turnaround times. The OIO is working to a target of 90% of applications to be processed within 50 working days by 1 July 2009. The target represents the total application processing time for accepted applications, including time taken to seek additional information. Of those 50 working days, it is expected that applications will be with the OIO for 20 working days, back with the applicant for 20 working days (for further information), and with the Ministers for 10 working days in total (ie 5 working days each).

LINZ is assisting the Treasury with a review of the regulations relating to overseas investment, associated fees and charges and Ministerial delegations.

CROWN PASTORAL LAND

Overview

The Crown owns about 1.6 million hectares of environmentally sensitive land in the South Island high country which is leased or (in a few cases) licensed for pastoral farming purposes. Pastoral leases have a 33-year term with a perpetual right of renewal. Leases allow grazing of the land for pastoral farming purposes but leaseholders are subject to a range of restrictions on other land uses.

Crown pastoral leases are managed and reviewed in accordance with the Crown Pastoral Land Act 1998 (CPLA). LINZ currently manages 230 pastoral leases (as at 31 October 2008). The Commissioner of Crown Lands is the statutory officer who exercises rights of ownership and has statutory responsibility for all Crown land, therefore including Crown pastoral leases.

Tenure review

Under the CPLA, LINZ operates the process of tenure review which seeks to determine what land should be retained by the Crown for conservation purposes and what the lessee can gain as freehold title. The Department of Conservation provides advice on 'significant inherent values' of properties through conservation resource reports to LINZ.

Tenure review is a negotiated agreement between the Crown and lessee. It is a voluntary process for both the Crown and lessees, and the Commissioner of Crown Lands has exercised the Crown's discretion not to participate in tenure review in some cases. In 2003 the Government adopted 10 high country objectives for the management of its high country estate covering economic development, recreational and environmental uses of the land. Tenure review and lease purchases have been the main tools used to achieve these objectives.

In 2007, the Government adopted further protection mechanisms for iconic lakeside landscapes and lowland biodiversity. These include lakeside land being retained in Crown ownership or covenanted to restrict subdivision and protect significant landscape, biodiversity and access values. The Government decided only to fund tenure reviews where these conditions were met. While these mechanisms were being developed tenure review negotiations on 38 properties were affected.

As at 31 October 2008, leaseholders of 20 of these 38 lakeside properties have agreed to the new conditions and the tenure reviews of their leases are continuing. A final tenure review agreement has been reached on one lakeside property. Land not funded for from tenure review will either continue to be managed as a pastoral lease or, if the lease is available for sale, it may in some circumstances be purchased by the Crown and vested as public conservation land.

In accordance with Cabinet decisions made in 2007, a report on any new properties due to enter into tenure review is provided to the Minister for Land Information to consult with the Minister of Conservation. Tenure review land also goes through the land of potential interest process for the disposal of 'sensitive' Crown land, which reports to a Ministerial group that includes the Minister for Land Information. You may wish to review these practices.

The Parliamentary Commissioner for the Environment began an investigation into tenure review in 2006. The Commissioner expects to complete the report in 2008.

Funding tenure review

LINZ uses multi-year capital appropriations to fund the purchase of a lessee's interest in a pastoral lease. This is because the uncertainty of the timing of settlements makes managing the programme using annual appropriations very difficult. Budget availability is obviously a factor in the pace of achieving tenure reviews. LINZ monitors and seeks to balance the purchase priorities within the constraints of the budget allocation. In accordance with Cabinet decisions made in 2007, funding approval from the Minister for Land Information, following consultation with the Minister of Conservation, must be received before any tenure review proposal (preliminary or substantive) can proceed.

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Tenure review progress

As at 31 October 2008, 57 of the 303 pastoral leases eligible for review under the CPLA have had their tenure reviews completed. In addition, five Crown purchases of whole leases have been made and 11 substantive proposals have been accepted and are being implemented. Of the remaining 230 pastoral leases, 93 are in some stage of tenure review.

Total land for which tenure review has been completed is 376,933 hectares as at 31 October 2008. Of this 180,199 hectares (48 percent) has been, or will be transferred to the Department of Conservation as public conservation land and 196,735 hectares (52 percent) has been, or will be, disposed of as freehold to former lessees. 1,627,103 hectares remain as pastoral leases.

Land valuation for pastoral lease rents – Minaret Station test case

A review of lease rental issues was completed in 2006 and concluded that a proper interpretation of the section 131 of the Land Act 1948 requires amenity values to be taken into account in rental valuations. Amenity values include factors such as location, landscapes and views, and natural characteristics. Since May 2007 LINZ has issued rent notices that reflect amenity values.

Rents are set every 11 years on a rolling basis. The increase in land values in the last 11 years, coupled with the inclusion of amenity values in rental calculation led to substantial increases in the rents being notified. Cabinet agreed that lessees should be able to apply for rent adjustments to help them manage the increases. In exchange, lessees could offer additional land husbandry, heritage protection activities, or provide public access. Cabinet also agreed that rent adjustments could be progressed even without such considerations.

By agreement between LINZ and lessee representatives, a Land Valuation Tribunal hearing into the rental valuation for Minaret Station is a test case of the Crown methodology of land valuation for rent assessment. The hearing commenced on 13 October 2008 but ran over time. All evidence and cross-examination was completed. Counsels' closing submissions and arguments were not heard, and so one further day is needed to complete these. It is very likely that this will be 9 December 2008, subject to confirmation of counsels' availability.

Public access

The Te Araroa Trust is establishing a walking trail that will extend the entire length of New Zealand. The main gaps that remain in the South Island are through pastoral lease land. In early 2008 the Minister for Land Information identified filling these gaps as a priority for new access through pastoral lease land. LINZ is negotiating with a number of lessees to reach agreements on granting easements for the walkway. Negotiations are voluntary and LINZ is working with lessees to finalise agreements.

Crown pastoral occupation licences

LINZ administers six Crown pastoral occupation licences. These allow a farmer to access high country land to graze stock, for example over the summer months. Unlike pastoral leases, pastoral occupation licences have a fixed term with no right of renewal. Some licences had been continually renewed over long periods of time. The CPLA 1998, requires that these be reviewed and phased out.

A preliminary proposal from the review of the former Soldiers Syndicate pastoral occupation licence in the Maniatoto proposed that the entire 4,500 hectare block should be retained in full Crown ownership and control as a conservation area. This differed from the decision outlined to the

licence holders in an earlier letter that indicated that the Commissioner of Crown Lands would grant a lease. The licence holders sought a declaration from the Court as to whether the Commissioner was obliged to stand by the earlier decision when devising the preliminary proposal. On 30 October 2008 the Judge released her decision upholding the complaint of the licence holder. It is unlikely that the Crown will appeal. The Crown will progress with a preliminary proposal on the basis that the land is suitable for the grant of a lease.

Challenge to the exclusive occupation rights of pastoral leaseholders

The New Zealand Fish and Game Council have recently filed a claim in the High Court seeking two declarations from the Judge. Firstly, that a pastoral lease does not grant exclusive occupation to a lessee and secondly, that as a consequence, a lease allows public access to the land provided it does not interfere with the lessee's rights. If the Judge makes these declarations this would have potentially widespread implications for pastoral leases. It would reduce the property rights of the lessee, which erodes the value of the assets to the lessee and therefore the return on assets to the Crown from rent. No hearing date has been set, but a hearing date in the first quarter of 2009 is likely.

SURVEY AND TITLES

The land registration system that LINZ maintains provides an accurate and up-to-date picture of legal ownership of land in New Zealand. LINZ maintains the geodetic and cadastral survey systems, which work together to provide the parcel-based¹ framework for recording rights in land. LINZ also authorises and records changes in rights to land.

Electronic survey and title services

Landonline provides land professionals with secure access to New Zealand's authoritative titles register and digital cadastre². Registered users conduct secure electronic title and survey transactions in real time. These online services have automated and sped up manual processes that were sometimes prolonged and complex to enhance the efficiency and ease of land transactions.

The move to 100% electronic lodgement of all land title transactions and survey plans via Landonline has been phased in gradually. It will be complete when e-lodgement of title transactions becomes mandatory from 23 February 2009. To support this move, the final addition of functionality to the Landonline system was released at the end of September 2008. The final changes in regulations to authorise and support 100% e-lodgement also came into effect on 29 September 2008. All title instruments can be lodged electronically, with the exception of those where original signatures are required, for example, court orders.

Landonline is the first fully integrated electronic survey and title registration system in the world. This has contributed to New Zealand being ranked first out of 178 economies for ease in registering and transacting property in the World Bank's 2008 report on business regulations. The move to electronic lodgement and processing has reduced costs for the provision of LINZ's survey and title services, reduced turnaround times and improved access to services for land professionals. LINZ has yet to review how the benefits have flowed on to lawyers' and surveyors' offices.

¹ A parcel is a fundamental cadastral unit: a piece of land which can be owned, sold, and developed.

² The record of property location and related information (including boundary dimensions) in New Zealand is called the cadastre.

Electronic survey and title systems

LINZ places a strong emphasis on the availability and performance of Landonline to ensure it provides a stable electronic platform. This is all the more important as Landonline becomes the sole channel for lodgements with LINZ. During the 2007/08 financial year, the system was available 99.8% of the time during extended business hours, including weekday evenings and 9am to 5pm Saturdays.

LINZ has an in-house IT team but is also reliant on key external suppliers for supporting Landonline. These include: EDS, which operates the data centres used to house the Landonline systems; IBM, which provides application development support; and Gen-i, which provides IT network services and is LINZ's IT procurement partner.

Customer support

Landonline was designed in close collaboration with stakeholders, including surveyors, lawyers, conveyancers and local authorities. This ensured their needs were incorporated into its development and provided opportunities for users to review and improve their workflows and service to their clients. LINZ continues to work closely with these groups to prioritise enhancements to the Landonline system.

LINZ has assisted survey and conveyancing professionals to get ready for new Landonline functionality and enhancements as each phase of mandatory e-lodgement has been introduced. These efforts were developed and delivered in partnership with the New Zealand Institute of Surveyors and the Property Law Section of the New Zealand Law Society, and have been key to the uptake of e-lodgement.

LINZ processing centres

Landonline has also enabled LINZ to streamline its own business functions, resulting in faster processing of both manual and electronic survey and title lodgements and registration. Today, all lodgements are processed straight into Landonline by both surveying and conveyancing professionals and LINZ staff.

The move to 100% electronic lodgement means that surveying and conveyancing professionals no longer need to visit LINZ processing centres. As a result, LINZ can consolidate its processing into two centres, one in the North Island (Hamilton) and the other in the South Island (Christchurch). Processing staff numbers have been progressively reduced over recent years, but will now remain relatively static, moving from 157 in March 2009 to 150 by 2012.

A phased approach has been agreed for the transition. From October 2008, LINZ is building capacity and capability in Hamilton and Christchurch and gradually reducing staff numbers in the Auckland, Wellington and Dunedin centres. The processing centres in Wellington and Dunedin will close in 2010 to coincide with lease expiry dates, Auckland will close in 2012.

Processing centres' public counters and access to paper records

Coinciding with mandatory 100% e-lodgement, three of LINZ's five public counters are scheduled to close in late February 2009. Access to all current, frequently-used survey and title records is available for land professionals via Landonline. The only documents or records that are unavailable are those that are historic, too fragile or large to convert to digital records, or are infrequently accessed.

LINZ has outlined how it will provide access to and manage core paper survey and title records in The Core Paper Records Strategy (October 2007). A detailed programme is now underway to determine practical solutions. LINZ has consulted with stakeholder groups on how to support public access without reliance on public counters.

Until digitisation and transfer is complete, reading rooms in LINZ processing centres will be made available for viewing original records that are not capable of being supplied electronically or as photocopies. As now, the public can order copies of land records online, or by fax, post or phone. LINZ is working closely with Archives New Zealand to implement this strategy.

Review of the Land Transfer Act 1952

The Land Transfer Act 1952 regulates the registration and transfer of land (the Torrens System). The New Zealand Law Commission is reviewing the Act in conjunction with LINZ and the Ministry of Justice. The review will consolidate and clarify changes made earlier when electronic lodgement was first introduced and modernise the Act for future developments.

Māori land compliance issue

A recent judgment from the Māori Land Court raised concerns about the controls for Māori land compliance in the Landonline e-dealing system for title transactions. This followed an instance of non-compliance where a lawyer incorrectly certified that confirmation requirements for a particular transaction had been addressed. LINZ examined the compliance trends in relation to e-dealings affecting Māori freehold land. The results of the analysis were of concern, indicating that lawyers had provided incorrect Māori land certifications and failed to meet their obligations on numerous occasions.

LINZ has made changes in Landonline so that LINZ processing staff perform a full quality assurance check on all e-dealings where the Māori land flag (a system alert) is raised to determine whether or not the land is Māori freehold land and, if it is, whether the required consents have been obtained. A joint communication with the Property Law Section of the New Zealand Law Society has been sent to all e-dealing law firms in October 2008 outlining expectations of lawyers when making certifications in relation to Māori freehold land. LINZ will continue to work with the Law Society, the Māori Land Court and the conveyancing community on this issue.

REGULATION OF CROWN PROPERTY ACQUISITIONS AND DISPOSALS

Overview

LINZ regulates the acquisition, management and disposal of the Crown's interest in land and property (including buildings) outside the conservation estate, in accordance with the Public Works Act 1981 and the Land Act 1948.

Government agencies undertake acquisitions and disposals for their own purposes. LINZ ensures that robust statutory decisions are made and that government agencies comply with the statutory requirements in a consistent manner.

Public Works Act

The Public Works Act 1981 provides powers for the Crown, local authorities and 'requiring authorities' (ie utility companies) to acquire property from landowners for 'public works'. It also

provides for the disposal of land once it is no longer required for the public work. Compulsory acquisition orders are required to be signed by the Minister for Land Information³.

It is anticipated that a number of applications under section 186 of the Resource Management Act 1991 (RMA) may eventuate over the next year. This provision allows a requiring authority to ask the Minister for Land Information to exercise their compulsory acquisition powers under the Public Works Act and acquire land on the authority's behalf. This special provision is used when a requiring authority has been unsuccessful in acquiring an interest in land from private owners. For example, Transpower may request additional section 186 RMA notices be issued to enable them to progress their plans to upgrade the transmission network in the central North Island.

Disposal of 'lands of potential interest'

In accordance with Cabinet decisions made in 2007, all Crown agencies and entities must currently assess whether any land intended for disposal is of 'potential interest'. This is intended to ensure that wider national interests are identified and appropriately protected before Crown-owned land is disposed of. Any land intended for disposal that meets the criteria is referred to LINZ. Following input from relevant agencies, LINZ assesses the land for the following potential values:

- conservation
- historic heritage
- Māori cultural and historic
- recreation
- potential use in Treaty of Waitangi settlements.

LINZ provides a report to a Ministerial Group (Minister for Land Information, Minister for State Owned Enterprises and the landholding Minister - consulting with the Minister of Finance where required) that determines what, if any, protection mechanisms are required before the sale can proceed.

A Treasury-led review of the efficiency and effectiveness of the processes for the disposal of Crown-owned land is due in early 2009.

MANAGEMENT OF CROWN PROPERTY

Overview

As a land-holding agency, LINZ manages almost three million hectares of Crown land outside the conservation estate, which is around eight percent of New Zealand's land area. This includes around 1.6 million hectares of high country land in the South Island, Crown forest land and approximately 4,000 properties.

LINZ disposal programme

LINZ identifies properties from its Crown property assets that the Crown no longer needs and are available for sale or transfer. Each year the department manages a disposal programme of these properties.

³ These powers cannot be delegated to LINZ.

Crown forest land

LINZ administers 72 Crown forest licences (CFLs), covering approximately 480,000 hectares, under delegation from the shareholding ministers (Finance and State-Owned Enterprises). CFLs are provided for in the Crown Forest Assets Act 1989 (CFA Act). This Act empowered the Crown to sell its exotic forests and related assets while retaining the land for use in Treaty claim settlements. As part of the Treaty settlement with the Central North Island Iwi Collective the land underlying 23 licences, covering approximately 180,000 hectares, and the licences themselves will transfer to a holding company on 1 July 2009. The Crown will have a 10% shareholding in this holding company.

Management of land-related liabilities

LINZ (on behalf of the Crown) deals with a number of land related liabilities which have arisen from the actions or omissions of LINZ or its predecessors, and from the actions of illegal occupiers. This includes investigation and remedial action, where necessary, of contaminated land under its administration and, in certain cases, on former Crown-owned land.

Biosecurity

LINZ manages biosecurity on Crown land under its administration and works with landowners, regional councils and other agencies. The main weeds and pests that LINZ controls are gorse, broom, wilding pine trees, rabbits and lakeweed. LINZ's programmes typically follow the intent of the Regional Pest Management Strategies (RPMSs) that are developed by regional councils with public input. Much of LINZ's biosecurity works are undertaken on LINZ-administered riverbeds and lakes.

LINZ receives annual appropriations for biosecurity work to control weeds and pests. LINZ consults and works closely with communities and stakeholders on biosecurity programmes. Expenditure on the programme is prioritised in order to obtain the best biosecurity outcomes. LINZ works to a budget and often cannot do everything that other interested parties may want. As a result LINZ is sometimes lobbied for more expenditure on specific biosecurity activities.

Two major programmes are currently underway to control lakeweeds at Lake Wanaka and Lake Karapiro. Significant progress is being made in controlling the introduced lakeweed lagarosiphon in Lake Wanaka as part of a 10-year Lagarosiphon Management Plan implemented in 2005. Large areas of hornwort were successfully controlled during 2007/08 in Lake Karapiro and LINZ will continue this work in the build up to the Rowing World Championships to be held at the lake in 2010.

RATING VALUATION

LINZ ensures that property valuations for rating purposes are provided to a consistent standard. It sets standards for rating valuations and certifies that revaluations are suitable prior to their publication.

Territorial authority revaluation audits take place on a three-yearly rolling programme. When the councils notify property owners of their new rating valuations this can trigger public comment. With the current volatility in the property market there could be more comment on rating values in the coming months. There is a standard process through which ratepayers can object to their rating valuation and this is managed by the territorial authorities.

NEW ZEALAND GEOGRAPHIC BOARD (NZGB)

Overview

The New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) is responsible for place-naming in New Zealand, within its territorial waters and the Ross Sea region of Antarctica. It is an independent statutory body of government administered by LINZ.

The Board makes public the place names that it is proposing as well as its final decisions. Naming proposals can be contentious and often generate letters to the Minister for Land Information. There are currently no proposals out for public consultation. The next meeting to consider alterations or new place names, will take place in March or April 2009.

The Minister also has a role in the decision-making process if there is public objection to a name proposed by the Board and the Board does not accept the objection. In this case the Minister makes the final decision.

New Zealand Geographic Board Act 2008

This new Act came into effect on 1 November 2008. LINZ has identified some technical issues with the recording of place names with macrons in some of our electronic databases which affect LINZ's ability to comply with the requirements of sections 32 and 33 of the new Act. It is possible that electronic databases or systems used by other agencies may face similar problems. Because of these issues, the commencement of sections 32 and 33 of the Act has been deferred until the extent of the problems and work on possible solutions has been progressed.

LINZ will be reporting back to Cabinet by 30 April 2009 on the progress with addressing these issues and on a commencement plan for sections 32 and 33 of the Act.

OPTIMAL REGULATION

LINZ is in the final year of a multi-year programme to rationalise all LINZ regulatory interventions (see pages 16-17 of the Annual Report 07/08 for information on progress with this review). The aim is to focus each regulation on the risk to be mitigated and the outcome to be achieved, rather than on specifying how the outcome will be achieved.

Regulatory compliance practice is also moving from the audit of individual activities to testing the systems and controls put in place by providers. This is a more forward-looking, preventative approach in which providers take greater accountability for the quality of their work through their systems and controls.

The level of industry co-operation required to move to the 'optimal' level of regulation may require a dramatic shift away from the current paradigms in which each industry operates. Professions may have to take greater ownership of best practice.

TOPOGRAPHIC INFORMATION

LINZ is responsible for national topographic mapping at a scale of 1:50,000 and broader scales for defence, emergency services and constitutional purposes.

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LINZ has developed a new national 1:50,000 topographic map series, Topo50, which will be launched in September 2009. The launch of the new paper map series will coincide with the provision of corresponding electronic versions directly into the databases of New Zealand's emergency services and via our website. LINZ has worked closely with emergency services and other key stakeholders in developing and planning the introduction of the new paper map series.

Mapping coordinates in Topo50 will correspond with those used internationally in Global Positioning System (GPS) applications. This series uses a different geodetic datum and projection⁴ to provide the underlying spatial framework. As a result the coordinates (latitude and longitude) of a point will be different to those in the previous map series. LINZ will be working with the emergency services and interest groups⁵ to encourage regular map users to migrate to the new series.

HYDROGRAPHIC INFORMATION

LINZ is responsible for providing authoritative hydrographic information for navigational purposes, in accordance with the standards of the International Hydrographic Organisation.

LINZ has a new hydrographic data infrastructure that will ensure LINZ continues to meet its responsibilities for providing official hydrographic information and satisfy increasing expectations for electronic products. The database will enable more efficient delivery of products and services and the generation of new products such as Electronic Navigational Charts (ENCs), which are used in electronic navigational systems on board ships.

CROSS-GOVERNMENT INITIATIVES

New Zealand Geospatial Office

The New Zealand Geospatial Office, located within LINZ, has worked with officials from other agencies on an all-of-government work programme for delivering the New Zealand Geospatial Strategy. The Minister for Land Information and the Minister for Communications and Information Technology are jointly responsible for the strategy. Funding is likely to be required over time to deliver parts of the work programme.

Initially the programme is focused on geospatial standards, metadata and access to key geospatial datasets. Improving geospatial data, access, interoperability, and governance has the potential for significant savings for central and local government with potential flow on effects for the rest of the economy. Geospatial information is essential for core government activities like responding to climate change, emergency management, defence, emergency services, planning and land use controls.

Treaty of Waitangi settlements

LINZ contributes to the Treaty of Waitangi claim settlement process through its policy advice and regulatory responsibilities as well as its role as a manager of Crown land. LINZ officials are not normally involved in direct negotiations with claimants.

⁴ A geodetic datum is a mathematical model of the Earth's shape. Positions are expressed as latitudes and longitudes. As the coordinates relate to a curved surface, a projection is used to manage the distortions when the coordinates are represented on a flat surface such as a map.

⁵ Interest groups such as the Mountain Safety Council and the Federated Mountain Clubs

The services provided by LINZ in Treaty settlements include:

- expert policy and land transaction advice
- regulatory decisions on Treaty settlement documents for registration
- place name changes through interaction with the New Zealand Geographic Board
- administration of land held for future settlements and disposal processes for LINZ land selected for settlements
- land transaction processing to implement the legal transfer of Crown-owned land and forests.

In particular LINZ has recently provided substantial policy advice on Crown forest land, disposal processes, the practicality of new redress mechanisms, and registration and survey requirements.

Walking access

LINZ will continue to provide advice and information to support the new Walking Access Commission in the context of improving public walking access to New Zealand's rivers, lakes and lands.

In accordance with Cabinet decisions made in 2008, improved information on the location and extent of marginal strips (alongside water margins) is now required to be recorded clearly in survey information when Crown land is sold. Seeking opportunities to improve public access in the South Island high country is one of the criteria used in the assessment of tenure review proposals.

SECTION C – LEGISLATION AND STATUTORY ROLES >

INTRODUCTION

LINZ administers legislation, sets standards and ensures compliance for:

- the delivery of Crown property management, acquisition and disposal services
- property valuation for rating purposes
- the investment in New Zealand by overseas persons
- the collection, authorisation, management and dissemination of information associated with the:
 - land rights registration system
 - place naming system
 - geodetic and cadastral survey reference systems
 - topographic and hydrographic information systems.

LEGISLATION

Legislation administered by LINZ:

- Cadastral Survey Act 2002
- Crown Grants Act 1908
- Crown Pastoral Land Act 1998
- Deeds Registration Act 1908 *
- Hunter Gift for the Settlement of Discharged Soldiers Act 1921
- Land Act 1948
- Land Transfer Act 1952 *
- Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002
- New Zealand Geographic Board Act 2008
- Public Works Act 1981
- Rating Valuations Act 1998
- Reserves and Other Lands Disposal Acts
- Unit Titles Act 1972 *
- Valuation Department (Restructuring) Act 1998
- Valuers Act 1948.

(* Administered jointly with Ministry of Justice)

LINZ also has functions under a number of other Acts including:

- Electoral Act 1993 (relating to electoral boundaries)
- Geographical Indications Act 1994 (relating to geographical names)
- Overseas Investment Act 2005
- Resource Management Act 1991 (relating to network utility operators and acquisition of land)
- Treaty of Waitangi Claims Settlement Acts (various)
- Te Ture Whenua Māori Act 1993 (relating to Māori land).

The Chief Executive of LINZ also has statutory functions under the Public Works Act 1981 relating to the disposal of surplus land. This disposal function can arise for land held by other agencies under various Acts such as:

- Airport Authorities Act 1966

- Crown Research Institutes Act 1992
- Health Sector (Transfer) Act 1993
- New Zealand Railways Corporation Act 1981
- State Owned Enterprises Act 1986
- Treaty of Waitangi (State Enterprises) Act 1988.

STATUTORY OFFICERS

Four statutory officers – the Commissioner of Crown Lands, Surveyor-General, Registrar-General of Land and Valuer-General – have functions to set regulations and ensure compliance under the Acts administered by the department. In addition LINZ, through the Register-General of Land and the Surveyor-General, has special responsibilities relating to land transactions under more than 50 other statutes.

OPERATIONAL DECISIONS THAT THE MINISTER MAKES

There are a number of operational decisions that the Minister is required to make. These include:

- considering applications to compulsorily acquire land under the Public Works Act 1981
- considering place name recommendations from the New Zealand Geographic Board if objections are received to a place name proposal
- authorising the purchase of land (by agreement) under the Land Act 1948
- considering applications for overseas investment in land under the Overseas Investment Act 2005 (jointly with the Minister of Finance).

BOARDS

Valuers Registration Board

The Minister for Land Information appoints the four members of the Board, all of whom must be registered valuers. The Board is chaired by the Valuer-General. The Valuers Registration Board is an independent statutory body that operates under the Valuers Act 1948. It manages the registration, conduct, and discipline of ‘registered’ valuers, under the oversight of the Minister for Land Information and the Valuer-General.

Cadastral Surveyors Licensing Board

The Board consists of five members appointed by the Minister for Land Information. The Surveyor-General is also an *ex officio* member of the Board. The Board is an independent statutory body that operates under the Cadastral Survey Act 2002. It is responsible for the licensing of cadastral surveyors.

New Zealand Geographic Board, Ngā Pou Taunaha o Aotearoa (NZGB)

The Minister appoints members to the NZGB. It is an independent statutory body, governed by the New Zealand Geographic Board Act 2008 and chaired by the Surveyor-General, and is responsible to the Minister for Land Information. It is the national place naming authority and assigns official place names in New Zealand and in the Ross Sea region of Antarctica.

SECTION D: FUNDING SOURCES >

Under the public sector management framework, LINZ is accountable to the Vote Minister for the delivery of outputs and for funds appropriated by Parliament for this purpose.

The table below sets out the 2008/09 output classes, their costs and sources of funding.

Output Class (GST Excl)	Expenses	Revenue Crown	Revenue Other	Surplus (deficit)
	\$000	\$000	\$000	\$000
Administration of the New Zealand Geographic Board (Nga Pou Taunaha o Aotearoa) Act 2008	721	721	0	0
Administration of the Overseas Investment Act 2005	2,602	0	2,602	0
Crown Property Management & Disposal Services	26,703	21,897	4,806	0
Land & Seabed Data Access & Dissemination	4,533	1,185	3,526	178
Land & Seabed Data Capture & processing	46,476	18,977	22,373	(5,126)
Land & Seabed Information Storage & Management	32,565	6,677	16,285	(9,603)
Oceans Survey 20/20	5,861	5,861	0	0
Policy Advice	2,741	2,716	25	0
Standards & Quality Assurance	7,530	3,996	3,709	175
TOTAL	129,732	62,030	53,326	(14,376)

'Revenue Crown' is provided out of general taxation revenue. 'Revenue Other' comes from fees paid by users of LINZ services.

LINZ maintains memorandum accounts for survey and title fee payers and for the Overseas Investment Office. The budgeted deficit in 2008/09 will require a drawdown on the survey and title memorandum account, which had a surplus of \$11.805 million at 30 June 2008. Memorandum accounts can fluctuate between surplus and deficit, and fees are reviewed regularly. Survey and title fees are scheduled for review in the 2009/10 financial year.

LINZ reports on expenditure and revenue on a monthly basis.

A brief description of the output classes follows:

Administration of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008

- Administration of the New Zealand Geographic Board

Administration of the Overseas Investment Act 2005

- Administration of the Overseas Investment Office

Crown property management and disposal services

- The acquisition, management and disposal of land property administered by the department on behalf of the Crown.

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Land and seabed data capture and processing

- Involves the collection of data for specific public policy, operational business or legislative purposes. It includes the capture and processing of hydrographic, topographic, land title, and survey information.

Land and seabed information storage and management

- Includes the efficient and secure management of LINZ's databases and systems for storing and managing data, including enhancements to relevant processes and systems.

Land and seabed information access and dissemination

- Involves the provision of easy, widely available and equitable, access to, and dissemination of, information (both electronic and paper) held by LINZ.

Policy advice

- Includes the provision of policy advice to the Government and to the Minister for Land Information, relating to land, property and seabed information, as well as the provision of ministerial support.

Standards and quality assurance

- Includes the regulatory activities for which the department is responsible. This output aims to ensure the regulatory frameworks that create and protect property rights, and protect the public interest in Crown property management, rating valuations and the land information for which LINZ is responsible, are managed effectively, and that delivery against the frameworks is quality assured.
- This output is both Crown and third party funded.

Ocean Survey 20/20 Programme

- This appropriation is limited to the initiatives within the Ocean Survey 20/20 programme.

CROWN FUNDING

In addition to the above, LINZ receives appropriations to undertake various land and property activities as the Crown's agent. These include:

- Management and remediation of Crown contaminated sites and hydro lakes
- Management of Crown-owned land related liabilities
- Management of the Crown's financial obligations in respect of liabilities, rates and rentals
- The acquisition of properties arising from Crown obligations including gifted land
- The refund to the New Zealand Transport Agency of funds from land sales received on their behalf
- The write-down of Crown land to transfer values negotiated as part of Treaty settlements
- Costs relating to the management of Crown forest properties and licences, including settling reviews.

Funds appropriated for these purposes in 2008/09 are \$31.402 million.

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In addition, a multi-year appropriation of \$32 million covering the years 2008/09 to 2010/11 is used for the acquisition of lessees' interests in leased Crown pastoral land.

CROWN REVENUE

LINZ also receives revenue as an agent on behalf of the Crown from property rentals including pastoral leases, map and chart sales, and land sales on behalf of the New Zealand Transport Agency. Capital revenue of \$8.5 million is expected to be received in 2008/09 from sales of Crown land.

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Appendix 1 – Environmental Sustainability

Note: This will be released separately by the Minister for the Environment.