



**Land Information  
New Zealand**  
*Toitū te whenua*

# Annual Report 2013>2014



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New Zealand Government

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## Chief Executive's Statement

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Pursuant to section 44(1) of the Public Finance Act 1989, I am pleased to present the Annual Report of Land Information New Zealand for the year ended 30 June 2014.



### **Peter Mersi**

Chief Executive  
Land Information New Zealand

This information can be found at:  
<http://www.linz.govt.nz/annual-report-2014>

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# Chief Executive's overview

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I am pleased to present Land Information New Zealand's Annual Report for 2013/14. It has been a successful year for LINZ. We have continued to deliver our core products and services to a high standard, contributed to the delivery of Government's economic policies, and made progress on key longer-term initiatives.

We successfully progressed the Minister for Land Information's priorities for LINZ that were in place at the start of 2013/14: leading the development of a National Spatial Data Infrastructure to make location information easy to find, share and use; contributing to the rebuild of Canterbury; developing Better Property Services to make it easier for people and businesses to access property information and transact property; and repositioning our Crown property management services to be a centre of expertise improving the efficiency and effectiveness of Crown land management across government.

During 2013/14 LINZ, drawing on input from a wide range of stakeholders, assessed our strategic direction to decide how we can best use our resources to make the biggest difference for New Zealanders over the next decade. Our view is that putting location information at the heart of our strategic direction will lead to major benefits for the economy, the environment, our communities, and government.

Our 10 Year Vision 'the Power of Where drives New Zealand's success' builds on the important work we do, and identifies the opportunity we have to help create a location information system that will benefit all New Zealanders by driving better decision-making and inspiring innovation. Through this work we will help the economy prosper and help achieve improved social, environmental and cultural outcomes.

This new emphasis is not a radical change for LINZ, but builds on our existing systems, reputation and intellectual capital. LINZ can provide leadership to the location system because of our ongoing history of strong performance and innovation in creating, managing, and distributing location-related information as part of our core business and legislative responsibilities. This includes the management and distribution of fundamental data, such as positioning, cadastre and property, address, elevation and depth, and imagery. LINZ already ensures increased availability, accessibility and reuse of the location information it manages.

LINZ remains within the top five most engaged public sector agencies in New Zealand. LINZ is developing a strategy to more effectively leverage this enthusiasm and continue to build its technical knowledge and leadership capabilities.

I have only touched on a few highlights from 2013/14. Further detail on the wide range of work we undertake for New Zealand is covered in this Annual Report. Our story begins with a summary of key achievements on pages four and five.



**Peter Mersi**  
Chief Executive  
Land Information New Zealand

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## Our year in review

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# Our year in review

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LINZ has set a long-term strategic goal of increasing the value created through the use of location information tenfold over the next 10 years. Over the 2013/14 year we made progress towards this goal through the following key areas.

## Putting the 'Power of Where' into action

- During the first part of 2013/14 we identified our new strategic direction – 'the Power of Where'. In the second half of the year we began making the shifts necessary to make our new vision a reality.
- We have identified the key strategic stakeholders necessary to help us with achieving our vision. This included developing our strategic relationships with Māori and iwi organisations, and with government and commercial organisations in the natural resources and geospatial sectors.
- We started the process of organisational realignment needed to ensure our resources are used to add the greatest value.
- We also reprioritised funding towards implementing our Stewardship and Custodian roles for developing the five fundamental location data themes for which LINZ has responsibility.

## Making location information more available, and easier to find and use

- The LINZ Data Service, which makes our data available free online in readily reusable formats, was again recognised internationally in 2013/14, receiving the Geospatial Application Excellence Award in Infrastructure at the Geospatial World Awards in Geneva in May 2014.
- LINZ Data Service user numbers have increased more than 400 percent in just two years, growing from 2,360 at 30 June 2012 to over 11,000 users as at 30 June 2014. Users made over 30,000 downloads from the LINZ Data Service in 2013/14.
- Aerial imagery was successfully released via the LINZ Data Service – making imagery covering 95 percent of New Zealand accessible and available for use and reuse. The release published more than 15 times the level of data previously loaded on to the LINZ Data Service – the largest dataset loaded since its launch in 2011. To put the imagery release in context, this release published 2.7 Terabytes of new data.
- LINZ, working in partnership with the Local Government Geospatial Alliance, Department of Conservation and the Walking Access Commission, commenced the development of a draft national walking and cycling tracks dataset and mapping standard. Prior to this work commencing, there was no one single source of tracks data. Once complete this mapping dataset will be available to share, access and reuse by the public and government agencies.

## Better location information supporting the Canterbury rebuild

- We laid strong foundations for a better location system through the development of a National Spatial Data Infrastructure for New Zealand, based on our work leading eight innovative spatial data infrastructure projects as part of the Canterbury rebuild.
- One of these projects is the Forward Works Spatial Coordination Viewer, a free, secure and interactive online tool that offers users a two-dimensional view of rebuild activity in Christchurch. This provides better location information to help coordinate the Christchurch rebuild.
- The Viewer has total forecast benefits of \$20 million over the next three years.
- The Viewer, developed initially for the Christchurch rebuild, will be able to be utilised for other purposes in the future.
- LINZ also completed the first post-earthquake revaluation of Christchurch City's 165,000 properties. This was certified by the Valuer General on 7 March 2014 and ratepayers were notified of their new values from 12 March 2014.
- As a result of the quakes, some Canterbury survey marks had moved as much as five metres horizontally and over one metre vertically. In 2013/14 LINZ restored the geodetic survey network and consequently adjusted the spatial layers on Landonline. This has ensured the spatial infrastructure in Canterbury can be re-established, which is critical for the design and repair of essential services and assessment of natural hazards in Canterbury.
- Also in 2013/14 LINZ worked with Canterbury Earthquake Recovery Authority (CERA) on red zone land management and took on maintenance responsibility for 5,000 properties.

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## Keeping New Zealand's property rights system world leading – now and in the future

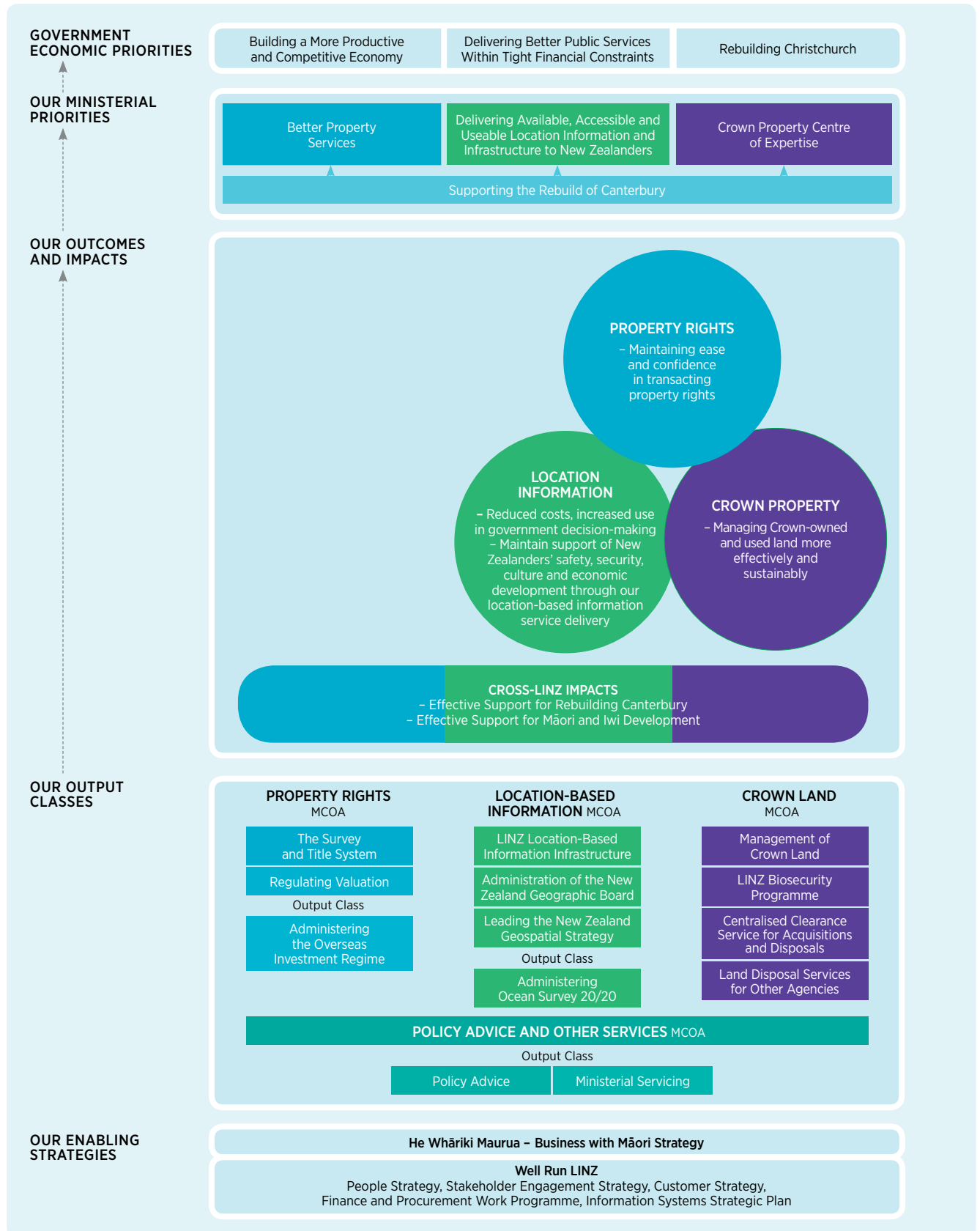
- LINZ provides a highly effective regulatory environment and a world-leading survey and titles transaction service (Landonline) to underpin New Zealand's property rights system.
- Landonline, backed by the state guarantee of title, saves property buyers more than \$246 million each year they would otherwise incur in title insurance costs. Landonline contributes \$48 million in productivity gain to GDP each year.
- Approximately 12,000 surveyors, conveyancers and others use Landonline. There were 600,000 title transactions and 9,000 survey transactions during the past year.
- LINZ is ranked second in the world in the World Bank Doing Business Survey for 'ease of registering property'.
- To maintain the efficiency of the property rights system, LINZ has been working on future-proofing the service it offers through the Advanced Survey and Titles Service Programme (ASaTS). The ASaTS Programme is a critical initiative for LINZ. Landonline is now 14 years old and, since it was built, customer expectations and technology have advanced rapidly. ASaTS is seeking investment to develop a second generation platform for survey and titles services for New Zealand.

## Leading better Crown property management – the Crown Property Centre of Expertise

- LINZ's Crown property holdings are significant – eight percent of the national land area, or two million hectares – LINZ continues to ensure Crown property is put to the best economic, environmental and recreational uses.
- The Crown Property Centre of Expertise (CPCoE) manages property on behalf of government agencies. CPCoE now has seven Memoranda of Understanding with agencies to manage and/or dispose of assets on their behalf.
- In 2013/14 management of around \$125 million worth of surplus Crown property was transferred to the CPCoE for disposal.
- The CPCoE has been managing and improving the performance of the Ministry of Education (MOE) disposal programme. The CPCoE has realised \$18.8 million in sales to date for MOE, meeting sales revenue targets set by MOE. The CPCoE has also reduced the average disposal time, which has contributed to additional savings to MOE in terms of holding and capital charge costs.

# Strategic Framework

Figure 1 below shows the strategic framework from our 2013-2016 Statement of Intent, which guided our activities during the period covered by this Annual Report.





# Location Information

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## Increasing the productive use of location information

Location information provides powerful insights for economic development and investment decision-making, resource decision-making, social and economic policy, technological innovation, safety and security, and a range of cultural, environmental and recreational activities.

Location information is information that contains a 'where' element, linking it to a place or places. More and more information is becoming linked to a location component, and location acts as a reference point for combining and analysing different types of data. It becomes especially powerful when time reference points are added.

## Our role and impacts

Through the New Zealand Geospatial Office (NZGO) housed within LINZ, we coordinate the implementation of the New Zealand Geospatial Strategy. Central to this strategy is the creation of a National Spatial Data Infrastructure<sup>1</sup> for New Zealand. This system-level role also covers policy and regulatory work and acting as Steward for five fundamental data themes within the spatial data infrastructure. LINZ is the Open Data Secretariat for New Zealand and leads the New Zealand Open Government Data and Information programme.

We also manage and develop existing and new datasets of core location information, and release them for others to use and reuse. This includes topographic, hydrographic, geodetic, cadastral and title information in a variety of formats. Much of our data is currently available free online, in readily reusable formats through the LINZ Data Service. In addition, we administer place name rights through our support for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa.

During 2013/14 we made progress against the impacts in our 2013-2016 SOI:

- Reducing the costs in finding, sharing and using location information;
- Increasing the use of location information in government decision-making;
- Maintaining support of New Zealanders' safety, security, culture and economic development through our core location information infrastructure and services;
- Effective support for rebuilding Canterbury by increasing the use of location information in rebuild activities; and
- Effective support for Māori and iwi development by ensuring Māori and iwi have access to fit-for-purpose past and present location information from an authoritative source.

## Reducing the costs of finding, sharing and using location information and increasing the use of location information in government decision-making

These are two closely linked impact areas at the heart of increasing the value-add of location information use. Reducing the costs – including non-financial costs – is about reducing the barriers and making location information easier to find, share and use. One result that flows from this is increasing government use of location information in decision-making processes. This is an indicator of increased take-up of location information use across the system.

## LINZ system-level work with stakeholders

During 2013/14 LINZ progressed system-level work with key stakeholders including Statistics New Zealand, Landcare Research, GNS Science, local government agencies, the Ministry for the Environment, organisations involved in the Canterbury rebuild, Māori and iwi organisations, and agencies that are potential candidates for Stewardship or Custodianship of fundamental data.

<sup>1</sup> A spatial data infrastructure consists of assets (eg. data, software) supported by protocols and agreements to facilitate well-coordinated development, sharing and use of location information. It also encompasses governance arrangements and the capability and research needed to maintain and sustainably develop the core infrastructure.

## Developing a National Spatial Data Infrastructure



National spatial data infrastructures are systems that improve our ability to share, reuse and derive value from the information assets held by different organisations. They remove barriers to potential users, and open location information to a much wider audience. Key areas of spatial data infrastructure development and progress during 2013/14 are summarised in the table below.

AREA	ACTIVITIES AND ACHIEVEMENTS
<b>Increasing the application of standards for better data reuse</b>	Developed a new, agreed model of address that supports the business needs of various organisations, including LINZ, Statistics NZ, EQC, New Zealand Post, local authorities, the insurance sector, and others, allowing them to eliminate re-work and reduce duplication of effort both within and between organisations.
<b>Promoting the potential of location information to increase innovation and productivity</b>	Developed a benefits realisation framework to help organisations better understand how using location information within a spatial data infrastructure can help improve the way they work and meet their expected outcomes. Also continued to develop case studies to promote these benefits. Adoption will require ongoing work and support. This relates both to the maturity of agencies in being able to adopt the framework, and in LINZ developing tools and materials to assist in its adoption.
<b>Ensuring government procurement of new data is spatial data infrastructure-focussed</b>	By specifying spatial data infrastructure standards in the procurement of new data and geospatial services, government is helping to accelerate the growth of the National Spatial Data Infrastructure. Ministry of Business, Innovation and Employment (MBIE) procurement rules for government now require that the NZGO is consulted in these types of procurement so that it can provide advice and support to those agencies.  LINZ developed a pragmatic procurement process for the Canterbury Spatial Data Infrastructure (SDI), recognising that much of the development of an SDI is iterative and requires an agile approach.
<b>Targeting activities for increasing capability and trans-Tasman research opportunities</b>	NZGO kick-started the development of New Zealand's Geospatial Research and Development Strategy, identifying uses of location information by end-users who would most benefit from research and development. This strategy, to be published in 2015, will be used to inform funding agencies of those areas where their money will return clear benefits. It will also support the direction of research being undertaken by the Trans-Tasman Cooperative Research Centre for Spatial Information.

### OPEN GOVERNMENT DATA PROGRAMME

LINZ leads the New Zealand Open Government Data Programme, which works with public sector agencies to ensure that their non-personal and publicly-funded data and information is routinely released for reuse by third parties.<sup>2</sup> Reuse of this open data will have wide impacts – contributing to New Zealand's economic growth, better social outcomes and a more efficient government.

The third annual assessment of agency adoption of the Declaration, released in July 2014, showed that innovative reuse of government data is occurring – 72 percent of government departments report efficiencies from reusing other agencies' data.

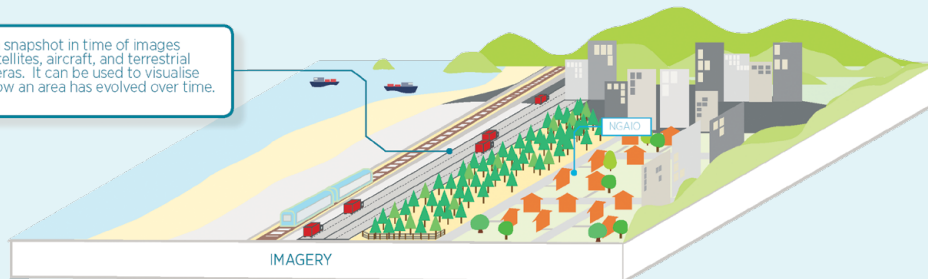
Examples include: assisting travel logistics in Christchurch; monitoring competitiveness by port companies; creating customised property reports; enabling better news and social media coverage of issues; and assisting parents to choose schools.

These results indicate that active public data and information supply and stakeholder engagement are becoming business as usual for the majority of central government departments. In addition, New Zealand was fourth out of 77 countries in the international rankings for implementation of open data programmes in the first Global Open Data Barometer Survey.

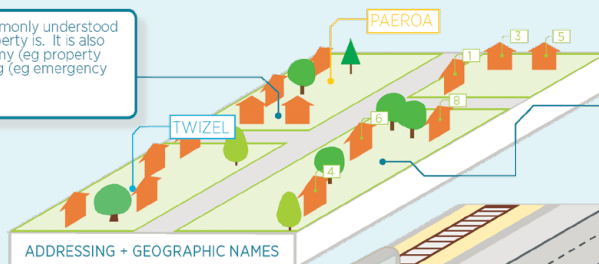
<sup>2</sup> As required by the 2011 Declaration on Open and Transparent Government and the 2010 New Zealand Government Open Access and Licensing framework (NZGOAL).

## Fundamental data themes

**Imagery data** is a snapshot in time of images captured from satellites, aircraft, and terrestrial sensors and cameras. It can be used to visualise landscape, and how an area has evolved over time.

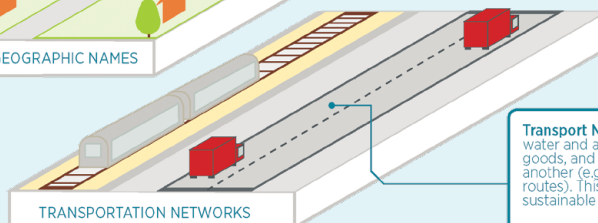


**Addresses** are the most commonly understood data that tell us where a property is. It is also a vital dataset for our economy (eg property insurance) and our well-being (eg emergency services, health services).

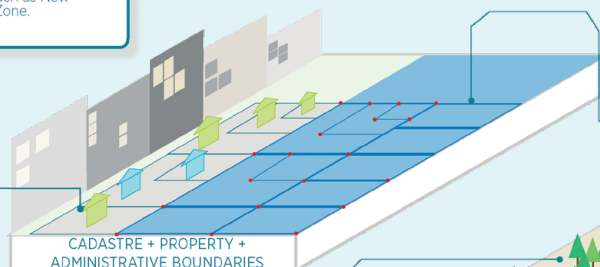


**Geographic Names** are the names of cultural and physical features and their associated location and extent (area). Names can include official, historical or alternative names and help us to better understand and preserve our cultural and heritage identity.

**Administrative Boundaries** are the collection of legislative, regulatory, political, statistical, maritime and other general boundaries. These are widely used by central and local government for the delivery of services. Other examples include electoral boundaries, and international boundaries such as New Zealand's Exclusive Economic Zone.

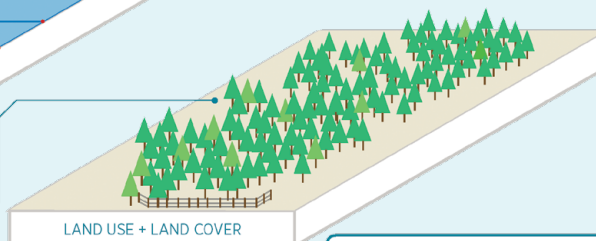


**Transport Network data** includes the land, water and air networks used to move people, goods, and services from one location to another (e.g. roads, railways and air and ferry routes). This data is commonly used to inform sustainable urban planning.

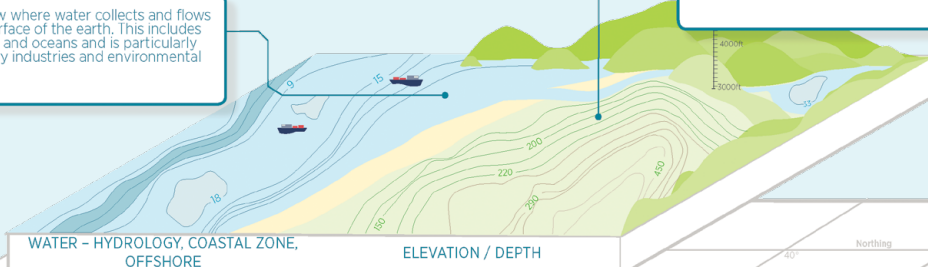


**Cadastral and Property data** are central to defining and managing our property rights. These rights are a cornerstone of New Zealand's free market economy as they provide economic and social certainty.

**Land Use and Land Cover** is data about man-made and natural features that sit on top of the earth. Examples of land cover include forests and deserts. Examples of land use include cities, roads, parks and farms.

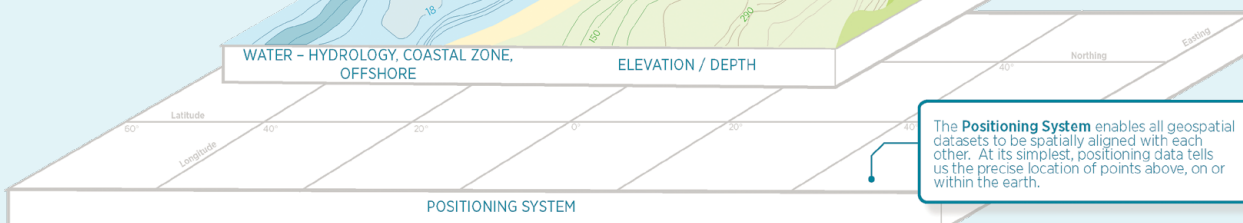


**Water datasets** show where water collects and flows on and below the surface of the earth. This includes rivers, streams, lakes and oceans and is particularly important for primary industries and environmental protection.



**Elevation and Depth data** provide a 3D view of the surface of the earth including the sea floor.

ELEVATION / DEPTH



The **Positioning System** enables all geospatial datasets to be spatially aligned with each other. At its simplest, positioning data tells us the precise location of points above, on or within the earth.

## Deriving greatest value from location information – focus on fundamental data

Fundamental data themes are the most regularly and widely used location information resources that are critical to economic, cultural and social development. LINZ has identified 10 fundamental data themes that are consistent with those agreed by the Australia New Zealand Land Information Council (ANZLIC). The 10 fundamental data themes are shown in the diagram on page 9.

LINZ is currently working across government to ensure fundamental data is managed consistently and effectively. It is implementing a Stewards and Custodians Framework that helps clarify responsibilities for agencies.<sup>3</sup> LINZ has Stewardship responsibilities for five of the 10 fundamental data themes – Positioning, Cadastral and Property, Addresses, Imagery, and Elevation and Depth.

During 2013/14, Statistics New Zealand indicated its commitment to Stewardship of the Administrative Boundaries data theme formalised in July 2014. In addition, a number of agencies are exploring Custodianship of fundamental datasets.

## Investing in fundamental data sets

As the Steward for five datasets, LINZ made good progress with either continuing or commencing foundational Steward work across the themes and progressed a range of practical projects underway (see also the Canterbury Spatial Data Infrastructure Programme on page 12).

AREA	ACTIVITIES AND ACHIEVEMENTS
<b>Imagery</b>	See boxed text opposite.
<b>Positioning Positioning strategy</b>	LINZ released a new positioning strategy. This is signalling a greater emphasis by LINZ to focus on the development of accurate deformation models as part of our National Datum, GNSS networks, and support for the development of a Global Reference Frame.
<b>Positioning Vertical datum</b>	In 2012 LINZ commenced a multi-year programme of work to improve the accuracy of New Zealand's vertical datum. During 2013/14 we completed a national airborne gravity survey of mainland New Zealand, and the near-shore coastal areas to enable the future joining of land and sea information. This survey completes the data collection phase of the Vertical Datum project and was completed in partnership with GNS Science and Victoria University.
<b>Elevation and Depth Elevation and bathymetry investigations</b>	<p>LINZ is investigating the future needs for bathymetry and elevation. We are leading the development and implementation of a plan to improve bathymetry and elevation and to develop an improved and integrated Digital Elevation Model.</p> <p>During 2013/14 LINZ commenced investigation of the Elevation fundamental data theme. Workshops were held with elevation data stakeholders to agree the problems and benefits.</p> <p>We also commenced a two-part user survey: Part One is a technical stocktake covering current data holdings; and Part Two is looking at managerial aspects covering budgetary issues, limitation of the status quo to stakeholders' needs, and suggestions for improvement that can be facilitated by central government.</p> <p>During 2013/14 LINZ purchased a digital elevation model (DEM) of New Zealand for the primary purpose of using it in new online map products. In line with the Open Data Declaration, the DEM was released under creative commons for others to reuse.</p>
<b>Addresses Improving property address data</b>	<p>During 2013/14 we continued to improve the national allocated address dataset. Working closely with territorial authorities and Enrolment Services we resolved 12,008 missing addresses (16,536 in total for the project), improved the accuracy of a further 10,764, as well as our core business of adding new local government address allocations (31,883).</p> <p>As part of the Surveyor-General's responsibilities under the Electoral Act, an Index of Streets and Places must be maintained. As part of this year's Representation Commission work, the process for maintaining this Index was modernised. The new process cost half of the budgeted amount (approximately \$150,000) to convert the old index to the new boundaries. The new process effectively automates conversion, saving the Government further money each time the electorate boundaries change. LINZ was also able to retire the database that previously maintained the Index and now utilises the existing spatial database (Landonline) which maintains the related information on advice from territorial authorities making even further savings.</p>

<sup>3</sup> Data Stewards are responsible for ensuring that investment in location information (by government in particular) is prioritised and purposeful. Stewardship also involves having standards and protocols in place to ensure access to data, interoperability and reuse, and that the current uses and future potential of location information are promoted and widely understood. Data Custodians ensure appropriate care in the collection, storage, maintenance and supply of specific sets of location information.

#### IMAGERY – MORE EFFICIENT PROCUREMENT AND BETTER AVAILABILITY

LINZ officially took on the Stewardship role for aerial imagery in 2013 to improve its collection and availability. As the Steward for Imagery, LINZ works across local and central government to unlock the benefits of releasing aerial imagery. Through the National Imagery Coordination Programme we are coordinating a national approach for improving procurement and opening up access to aerial imagery data. In the past, aerial imagery had been purchased separately by local and central government agencies to varying standards. This resulted in an inefficient market, and duplication of collection and spending, and made it difficult and costly to share information.

During 2013/14, LINZ continued to coordinate new aerial imagery acquisition projects and promote full open access to nationally significant aerial imagery data. Since beginning this work in 2012, LINZ has developed aerial imagery standards to ensure aerial imagery datasets are procured to common specifications, and assisted in opening up access to the 'most current' public aerial imagery of New Zealand from six percent of geographic coverage as at 30 June 2012, to 95 percent as at 30 June 2014.

Another major milestone during 2013/14 was the release of aerial imagery via the LINZ Data Service. This is significant for LINZ in terms of the scale and value of the data released, and important in the context of developing a National Spatial Data Infrastructure and making fundamental data available. To put the imagery release in context, this release published 2.7 Terabytes of new data – more than 15 times the amount of data previously loaded onto the LINZ Data Service, and the largest dataset loaded since its launch in 2011.

During 2013/14 LINZ also commenced an exploration into approaches to scan the historic aerial photo archive to enable greater access to it. The archive holds imagery dating back to 1936 which is of significant economic, cultural and scientific value. We have piloted an approach to scanning, in partnership with the Waikato Regional Council, which is proving successful in establishing the most efficient and cost-effective way to approach the scanning of the whole historical aerial photo archive. The scanning phase of the pilot was completed during 2013/14 and the lessons learned will be translated into a proposed approach for scanning the whole archive in 2014/15.

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## ACCELERATING REGIONAL SPATIAL DATA INFRASTRUCTURE IN CANTERBURY

At a regional level, LINZ is leading the implementation of eight projects designed to contribute elements of a spatial data infrastructure that assist with the Canterbury rebuild and recovery. Established in March 2013 – and to continue until June 2017 – the eight projects involve a range of participants and stakeholders. These include the Canterbury recovery agencies; local, regional and central government; and the private sector (building, construction, and utilities companies). The figure opposite shows the eight interrelated projects and describes their contribution to improving location information in Canterbury and supporting the Canterbury rebuild.

This work is also a key contributor to informing a broader National Spatial Data Infrastructure through the lessons that LINZ and others are learning through the process, and the models and tools developed.

Progress this year included establishing a structure for improving the sharing of property information between Canterbury agencies. This is part of a project to establish a full property data model/framework for Canterbury recovery agencies. The overall project is now linking with related programmes of work, such as LINZ's Advanced Survey and Titles Services (ASaTS) programme, and MBIE's Building Information Modelling which will be delivered in stages through to June 2017.

A particular success for the Canterbury SDI programme was the Forward Works Spatial Coordination Viewer (see boxed text).

### AUCKLAND SPATIAL DATA

Through ongoing advice, and coordination of tools to share central government geospatial information, LINZ has also been assisting Auckland Council in its spatial planning process and development of the Auckland Unitary Plan.

#### THE CANTERBURY FORWARD WORKS SPATIAL COORDINATION VIEWER: BETTER LOCATION INFORMATION HELPING COORDINATE THE CHRISTCHURCH REBUILD

A good example of how using seamless, accessible and integrated location information can add great value is the 'Forward Works Spatial Coordination Viewer' developed for the Christchurch rebuild as part of the Canterbury Spatial Data Infrastructure programme.

The Viewer is a free, secure and interactive online tool that offers users a two-dimensional view of rebuild activity in Christchurch. The system aggregates data from public sector asset owners, utilities, and private sector property developers into a single viewer. This enables planners, developers and other industry professionals to visualise forecasted repairs by location and time, helping to minimise disruption and ensure efficient project planning and coordination. It helps rebuild projects to be delivered efficiently, on schedule and on budget while maintaining essential services to businesses and residents.

A coordinated Canterbury rebuild is possible because of the Viewer and the willingness of agencies, utilities including telecommunications companies, and the private sector construction industry to share data.

After one year in operation, independent benefits monitoring has shown financial benefits through to 30 April 2014 of \$4 million. Total forecast benefits for this project are \$20 million through to July 2017. This shows 'the Power of Where' in action.



## Canterbury spatial data infrastructure programme

Planning for the rebuild of Canterbury requires high quality information about where things are – for example infrastructure like electricity and water pipelines, buildings, property boundaries, and land use and ownership.

We're working with the agencies involved in rebuilding Canterbury to look at how we can ensure the location-based information they need is up to date and easier to find, share and use. We're working to do this in a way that is enduring, so that the solutions developed will deliver lasting improvements to Canterbury and the nation as a whole.

### Icons relating to the Spatial Data Infrastructure

	Capability		Access
	Investment		Data
	Governance		Coordination
			Standards

**The 3D Enabled Cities Project** will provide an interactive record of the buildings lost, assist in planning and designing new buildings, and help Cantabrians see what their city will look like in the future.

**GIS Interoperability** will enable agencies to more easily exchange their spatial data using open standards, ensuring rebuild partners can work together more efficiently.

**The Property Data Management Framework** will make it easier to share accurate, reliable, and connected data about land parcels, titles, rating units, buildings, addresses and ownership.

**The Geospatial Data Discovery Project** will make it easier for recovery agencies, businesses and community groups to discover and use the wealth of publicly accessible location based information, and make confidential or not yet released data easier to discover and securely share between relevant agencies

**Canterbury Maps** is providing a single portal into interactive maps with data on air, water, land, transport, council services, and recreation from across the region.

**The Open Data and Open API Support project** encourages the development of smart phone apps using open government data, for example services giving Cantabrians up to date road closure information.

**The Forward Works Spatial Coordination project** helps agencies share information about current and planned horizontal infrastructure and built environment construction, and repair and maintenance activities, enabling them to visualise planned repairs by location and time, to help minimise disruption and ensure efficient planning and coordination.

**The Utilities Data Access project** will ensure recovery agencies and construction companies involved in the rebuild have access to up to date utilities network asset and forward works information.

### The eight projects that make up the Canterbury SDI programme:

#### Applications

**Canterbury Maps**  
Helping territorial authorities and others to connect their data to the map viewer developed by Environment Canterbury

**Forward Works Spatial Coordination**  
Developing a spatial viewer for the forward works programme to enable infrastructure repairs to be viewed by location & time

**3D Enabled Cities**  
Developing tools to help people see what a rebuilt Canterbury will look like

#### Data

**Property Data Management Framework**  
Connecting land and property information to make rebuilding as easy as possible

**Utilities Data Access**  
Improving access to utilities spatial data to enable more open, effective and efficient data sharing with recovery partners

**Open Data and Open API Support**  
Encouraging development of smartphone apps to help with Canterbury recovery through the use of open data

#### Platform

**GIS Interoperability**  
Designing and improving software processes to automate data exchange between agencies involved in the recovery using open standards

**Geospatial Data Discovery**  
Ensuring spatial data can be easily found, shared, and used by those who need it

## LINZ Data Service – providing quick, easy, free access to location information

Established in 2011, the LINZ Data Service (LDS) provides free online access to fundamental location information. It has a range of features to let users easily find, access and use data. The LDS uses Creative Commons licensing and provides data in a choice of open, standards-compliant formats.

User numbers have increased over 400 percent in just two years, growing from 2,360 at 30 June 2012 to more than 11,000 users as at 30 June 2014 (see table below). During 2013/14 LINZ released more layers of data (see page 11) and made improvements to the usability and functionality of the service.

The LDS was again internationally recognised in May 2014, receiving the Geospatial Application Excellence Award in Infrastructure at the Geospatial World Awards in Geneva. This is the third award that the LDS has received since its launch in 2011, following last year's success at the IPANZ Gen-i Public Sector Excellence Awards and receiving two trans-Tasman awards at the Asia Pacific Spatial Excellence Awards in 2012.

During 2013/14 LINZ commenced work with the Ministry for the Environment to test the feasibility of leveraging the capability and infrastructure of the LDS to serve up their data holdings. This pilot is expected to be completed in January 2015.

### Impact Indicators

#### REDUCE THE COSTS OF FINDING, SHARING AND USING LOCATION INFORMATION

Increase release of location information

Indicator, measure and targets	2011/12	2012/13	2013/14
Increased number of LDS users	2,423	5,964	11,333 (Achieved)
Increased frequency of LDS usage (number of downloads)	11,528	17,697	30,866 (Achieved)
Increase in the volume of downloads from LDS (Terabytes)	2.0	3.5	7.6 (Achieved)
Increase the amount of current imagery released for reuse under a Creative Commons 3.0 licence (% of geographic coverage)	N/A	51% as at March 2013	95% as at 30 June 2014

### Impact Indicators

#### INCREASE THE USE OF LOCATION INFORMATION IN GOVERNMENT DECISION-MAKING

Increase participation by government agencies in SDI

Indicator, measure and targets	2011/12	2012/13	2013/14
An increase in the number of government agencies releasing their data for reuse in compliance with the recommended standards for finding, sharing and reuse	9 agencies have released location data 5 agencies are releasing location data openly	10 agencies have released location data	12 agencies are consistently releasing public data in full compliance with the Declaration.  25 agencies (78%) released high-value public data for reuse over the 2013/14 period, four more than in 2013.



## Maintaining support of New Zealanders' safety, security, culture and economic development

### Increased efficiency of core location information services

As a custodian of data, LINZ manages and develops national datasets of critical location information and releases them for others to use and reuse. This includes topographic, hydrographic, geodetic, address, cadastral and title

information in a variety of formats. LINZ also administers place name rights through our support for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa. In 2013/14, the Board made 572 non-Treaty name proposals and 106 Treaty name proposals.

Much of our data is currently available free, online and in readily reusable formats through the LINZ Data Service. The table below summarises some of our key achievements in 2013/14.

AREA	ACTIVITIES AND ACHIEVEMENTS
<b>Topographic development</b>	During 2013/14 LINZ consulted on a draft 10-year strategy and plan for national topographic data and mapping in New Zealand. Implementation of the 10-year strategy will commence in 2014/15.
<b>Topography – National tracks dataset</b>	<p>LINZ, working in partnership with the Local Government Geospatial Alliance (LGGA), Department of Conservation and the Walking Access Commission, commenced in 2013/14 the development of a draft national walking and cycling tracks dataset and mapping standard that is consistent, updatable and available to anyone through Creative Commons licensing. Prior to this work commencing there has been no one single source of tracks data that is authoritative and comprehensive. Once complete this mapping dataset will provide a single source of tracks data that is available to share, access and reuse by the public and other government agencies.</p> <p>The project is currently in data collection phase, and we are working towards a complete and open dataset by December 2015.</p> <p>This initiative has also been the catalyst to develop a methodology around collaboration for future national datasets, not only with local government, but also with other agencies including central government. This involves:</p> <ul style="list-style-type: none"> <li>• establishing ownership of datasets;</li> <li>• developing methods of sharing and centralising data; and</li> <li>• developing a method for ongoing updates to a dataset.</li> </ul>
<b>Geodetic data: Global Navigation Satellite System (GNSS) – Data Processing Service</b>	During 2013/14 the PositionNZ-Post Processing service was developed and trialled on the LINZ website. This service will allow surveyors to submit GPS data observed at survey marks, and to receive accurate coordinates in terms of the official datum. Surveyors will benefit by only needing to use one receiver to obtain accurate coordinates, by not needing sophisticated processing software, and by not being required to apply the NZGD2000 deformation model (as that is done by the service). The service is initially being released to selected trial users for feedback before being fully implemented.
<b>Hydrography: Hydrographic data infrastructure</b>	<p>LINZ continues to make improvements to the overall management of its products and services – notably through the recently established Hydrographic Data Infrastructure that has developed the people, systems and processes to enable the delivery of hydrography for New Zealand to meet national and international needs.</p> <p>A key success of the Hydrographic Data Infrastructure over the past year has been the implementation of a new Raster Navigational Chart (RNC) module, replacing the previous encrypted product. This has allowed greater reuse of LINZ data by a wider customer base.</p>
<b>Hydrography: South-West Pacific charting</b>	Working with the Ministry of Foreign Affairs and Trade in Vanuatu, LINZ produced a hydrography Risk Assessment for Vanuatu which highlighted areas for charting improvements. New Zealand Aid donor funding was made available to conduct hydrographic surveys. These are now being directly funded by the Vanuatu government to produce new ENC's for cruise ships – a vital driver to grow the Vanuatu economy. The economic cost benefit of hydrography has been assessed as 1:90 in a recent study produced by the Secretariat of the Pacific Community (SPC). <sup>4</sup> Further risk assessments have now been completed for the Kingdom of Tonga and the Cook Islands.

4 [http://www.iho.int/iho\\_pubs/misc/M\\_2\\_Suppldocs/2014-SPC-Vanuatu\\_Hydrographic\\_Survey-Cost\\_Benefit\\_Analysis.pdf](http://www.iho.int/iho_pubs/misc/M_2_Suppldocs/2014-SPC-Vanuatu_Hydrographic_Survey-Cost_Benefit_Analysis.pdf)

## AREA

## ACTIVITIES AND ACHIEVEMENTS

### Marine environment work in the Natural Resources Sector

The Natural Resources Sector (NRS) agencies are developing a long-term National Marine Research Strategy (NMRS) to identify New Zealand's marine research priorities and associated research infrastructure requirements, including funding and utilisation of the *RV Tangaroa*. The NMRS will detail how the marine research sector will operate and be supported by the development of an initial Five-Year Research Plan identifying current research priorities and infrastructure requirements.

The development of the NMRS means it is appropriate to end the Oceans 20/20 programme and to consolidate marine survey and research funding. LINZ's funding for the administration of the Oceans 20/20 programme was transferred to Vote Science and Innovation from 1 July 2014.

### Supporting the electoral system

The Electoral Representation Commission is responsible for readjusting electorate boundaries and for naming electorates following each census. The Deputy Surveyor-General, who is a member of the Commission, produced a set of provisional electorate boundaries for the Commission. LINZ provided extensive technical (mapping) support for the Commission's decision-making and public consultation, including arranging for the provision of all mapping of the proposed and final boundaries. All work was completed to statutory deadlines, high specifications, and within budget.

## Impact Indicators

### MAINTAIN SUPPORT OF NEW ZEALANDERS' SAFETY, SECURITY, CULTURE AND ECONOMIC DEVELOPMENT THROUGH OUR LOCATION INFORMATION SERVICE DELIVERY

#### Increased economic and cultural development opportunities from access to location information

Indicator, measure and targets	2011/12	2012/13	2013/14
Increase or maintain the proportion of key nautical customers that report the nautical information they need is available, accessible, accurate and reliable	N/A	New measure	39% rated as good  55% rated as excellent
Increased or maintained number of Electronic Navigational Charts purchased	3,418	5,907	6,107 (Achieved)
Increased or maintained use of GNSS real-time services	Total users 400  (No average user data available for this year)	Total users 434  Average time per user 2.3 hours per day	Total 610 users  Average time per user 4 hours per day

#### Increase value for money

Indicator, measure and targets	2011/12	2012/13	2013/14
Maintain the satisfaction of key stakeholders with the hydrographic survey prioritisation process	N/A	Key stakeholders are satisfied with the hydrographic prioritisation process	Due to the low response rate bias we cannot accurately measure this target

## Effectively supporting the Canterbury rebuild effort



In addition to the Canterbury SDI programme discussed on page 12 we also restored the geodetic survey network and consequently adjusted the spatial layers on Landonline. LINZ provides New Zealand's positioning or geodetic infrastructure through its network of survey marks, continuously operating Global Navigation Satellite System stations, and through systems such as the national geodetic datum. This infrastructure is used for determining physical location. Repeated surveys are used to determine earth movements so that the spatial infrastructure in Canterbury can be re-established which is critical for the design and repair of essential services and assessment of natural hazards in Canterbury. It is also needed for the re-establishment of property boundaries so that landowners' interests are protected. As a result of the quakes, some Canterbury survey marks had moved as much as five metres horizontally and over one metre vertically.

In 2013/14 we completed the re-survey of the Canterbury survey control network on schedule, and made provisional geodetic coordinates available. The final step that LINZ completed in December 2013 was a major programme of work to readjust the spatial layers within Landonline. This was the largest coordinate update carried out since the system's introduction in 2000. The update revised the coordinates of most geodetic survey marks in the South Island and boundary points in the Canterbury and Fiordland areas to reflect land movements that occurred as a result of the earthquakes and associated plate movements since 2000.

## Effective support for Māori and iwi development (through access to high quality location information)

Māori and iwi own about 5.5 percent of New Zealand's total land area, or 1.466 million hectares.<sup>5</sup> The Māori economy is a significant contributor to the New Zealand economy. Māori land supports 36 percent of New Zealand's forestry, 30 percent of lamb production, 10 percent of dairying, 12 percent of the country's sheep and beef units and 10 percent of kiwifruit.<sup>6</sup>

Good location information and systems are fundamental to unlocking the potential of Māori land. LINZ base maps, along with boundary and property rights data, make it possible to identify where small blocks of Māori freehold land might be combined to enable the owners to move into larger scale enterprise.

Memoranda of Understanding with the Federation of Māori Authorities (FoMA) and Te Tumu Paeroa (TTP) were drafted towards the end of 2013/14. The agreement with TTP was signed on Friday 25 July 2014, and the FoMA agreement was signed on 27 August 2014. LINZ has now secured formal agreements with three of the five strategic partners outlined in He Whāriki Maurua – LINZ's Business with Māori strategy. Discussions on formalising relationships with the remaining partners, Ngāi Tahu and Waikato-Tainui, are continuing. A key aspect of these agreements is location information and how we can work together to unlock 'the Power of Where' – the boxed text below gives some more information on the opportunity and the work LINZ has done with Te Tumu Paeroa.

### LINZ AND TE TUMU PAEROA – WORKING TOGETHER TO ENABLE MĀORI TO UNLOCK VALUE IN THEIR LAND

Te Tumu Paeroa administers 100,000 hectares of Māori freehold land for 95,000 owners across Aotearoa. On behalf of landowners, the 90-year-old organisation manages 2,000 trusts, companies and joint ventures, as well as a total of \$88 million in client funds.

While Māori-owned land already makes a big contribution to the New Zealand economy, there is huge potential to get better value. Much Māori land is marginal and its owners have neither seen it, nor set foot on it – and never dreamed it might earn them a return. Using data from LINZ and under the guidance of Te Tumu Paeroa – the office of the Māori Trustee – owners now have an opportunity to take marginal land from stagnation to cultivation. One of the core aspects of the Te Tumu Paeroa strategy is to provide options and opportunities to owners.

Good location information and systems are fundamental to unlocking the potential of Māori land. LINZ base maps, along with boundary and property rights data, make it possible to identify where small blocks of freehold Māori land might be combined to enable the owners to move into larger scale enterprise.

LINZ and Te Tumu Paeroa are committed to working in partnership towards mutually beneficial outcomes that help unlock benefits for Māori, iwi and all New Zealanders.

5 Māori Land Court (2012) Māori Land Update – Ngā Āhuetanga o te Whenua, June 2012, Wellington, New Zealand.

6 He Whāriki Maurua Business with Māori Strategy 2013-2016.

# Property Rights

## Maintaining the integrity of the Property Rights system to encourage trade, commerce and wellbeing.

New Zealand has one of the most efficient and robust property rights systems in the world for cadastral surveying (maintaining the official record of land boundaries), and for registering title to land. New Zealand is currently ranked number two in the world for ease of transacting property rights. In New Zealand it is straightforward to register land ownership and other property rights. Challenges and disputes over land boundaries or ownership are rare by international standards.

### Our role and impacts

There is high confidence in New Zealand in the integrity of property ownership. New Zealanders have approximately \$672 billion in residential housing stock alone, and this confidence in their ability to transact this wealth underpins the New Zealand economy.<sup>7</sup> Banks accept title to land as security for a mortgage or personal loan, which can be used to leverage other ventures and economic activity. The level of confidence in property rights is supported by the low level of compensation paid to the public for claims against title transactions.

LINZ administers the survey and titles system, which forms the basis of New Zealand's land property rights market. The survey and titles system is an important source of location information and is critical to the ongoing functioning of the economy, and is backed by the state guarantee of title,<sup>8</sup> saving property buyers more than \$246 million each year they would otherwise incur in title insurance costs.<sup>9</sup> LINZ helps to ensure confidence in property rights through the delivery of a system that facilitates the sale, purchase and development of property at a reasonable cost. This system consists of a highly-effective regulatory environment and an efficient survey and titles transaction service.

The four impact areas that LINZ delivered on in 2013/14 are:

- Maintained ease in transacting property rights;
- Maintained confidence in property rights in New Zealand;
- Effective support for the rebuild of Canterbury; and
- Effective support for Māori and iwi engagement.

To deliver on these impacts LINZ has been working on a number of key initiatives:

- Working across government to deliver a Better Property Services future for New Zealanders;
- Seeking a second generation investment in the platform and services supporting the cadastral survey and land titles system;

- Transforming frontline services by establishing a continuous improvement approach to the delivery of survey and titles services to customers;
- Developing the cadastral strategy for implementation;
- Increasing effectiveness in managing the overseas investment regime; and
- Working to ensure the property rights system better supports land development by Māori and iwi.

### Creating a property sector to meet New Zealand's needs – a Better Property Services future



In May 2014, Cabinet agreed to investment objectives for a Better Property Services future. This future will be delivered through cross-government work supported by LINZ's leadership role in the location information sector. The vision is for the integrated provision of government-mandated location and property information and services. In this Better Property Services future anyone seeking to buy, sell, build, renovate, develop or live on property will be able to access the information and transactions they need in a way that shows all the rights, restrictions and responsibilities for that property. Consumers and businesses will experience seamless and consistent digital and online property and building services from all relevant areas provided or mandated by government.

LINZ has released the results of a study to estimate the economic benefits to New Zealand of Better Property Services, and has established cross-agency oversight and working groups. The cross-agency Oversight Group has agreed an investment logic map and a set of investment objectives. The agencies (Ministry of Business, Innovation and Employment; Department of Internal Affairs; Ministry for the Environment; and LINZ) have been jointly preparing for engagement with local government to identify difficulties, implications and opportunities for councils. This engagement with local government is the next key step in the work programme.

LINZ has also continued to work with the Ministry of Business, Innovation and Employment (MBIE) to support its development of a national building consent system. MBIE's programme will be one of the contributing work streams towards a Better Property Services future, as will LINZ's Advanced Survey and Titles Services (ASaTS) programme.

<sup>7</sup> Reserve Bank of New Zealand. (2013). Retrieved from <http://www.rbnz.govt.nz>. This value includes all private sector residential dwellings, flats and apartments, 'lifestyle blocks' with dwellings, detached houses converted to flats and 'home and income' properties. Farms and publicly-owned dwellings are not included.

<sup>8</sup> Report on 'Valuing New Zealand's survey and title system' by Berl Economics, March 2014

<sup>9</sup> Report on 'Valuing New Zealand's survey and title system' by Berl Economics, March 2014

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## Facilitating cost-effective and secure transactions – investing in the survey and titles technology platform/application

To deliver cost-effective and secure transactions, LINZ maintains an electronic database for land ownership administration – Landonline – which contributes an estimated \$48 million in productivity gain to GDP per annum. Survey and titles activity contributes an estimated \$94 million to GDP per annum.<sup>10</sup> This system integrates all of New Zealand's geodetic, cadastral and title data. Land professionals can securely access the system, enabling them to conduct land transactions with efficiency and ease. To maintain the efficiency of the property rights system, LINZ has been working on future-proofing the service it offers through the Advanced Survey and Titles Services Programme.

### ADVANCED SURVEY AND TITLES SERVICES

Landonline is now 14 years old and, since it was built, customer expectations and technology have advanced rapidly. Key components of Landonline are now reaching end of life and its tightly integrated structure makes it difficult to make changes to meet both customers' and LINZ's business needs. Given this, ASaTS is seeking investment to develop a second generation platform for survey and titles services for New Zealand.

The ASaTS programme supports both Government policy and Ministerial priorities for LINZ through:

- Creating a world-class location information system. Property information is not easily integrated across organisations, impacting upon the quality of the decisions made about land and location. ASaTS will provide LINZ with the capability to create relationships between key property datasets.
- Better Public Services result areas 9 and 10 (online service delivery to business and citizens). ASaTS will make existing digital survey and titles services significantly easier to use and will make more services available to the public via the web.
- Government ICT Strategy and Action Plan. ASaTS will leverage off existing all-of-Government ICT initiatives eg. infrastructure as a service. Opportunities will also be provided for other government initiatives to leverage off ASaTS.
- Better Property Services: ASaTS is key to the Better Property Services future as it will provide an improved customer experience, increased quality of property data and the foundations for key property rights datasets to be linked across government.

LINZ submitted an Indicative Business Case to Cabinet in November 2013 outlining seven options to future-proof the service, recommended an option to modernise services, and received permission to develop a Detailed Business Case to seek a second generation investment in Landonline. The investment is needed as the technology platform supporting Landonline is becoming outdated and is constraining LINZ's ability to meet its increasing customer needs and expectations. As part of the development of the Detailed Business Case, LINZ has worked closely with key stakeholders to identify their current frustrations and develop future-focussed solutions. The proposed investment will deliver a seamless customer experience based on integrated, up-to-date, digital location information. It will improve timeliness, quality, productivity, and cost-effectiveness for LINZ's customers. The new system will also provide LINZ with the flexibility to meet its business needs.

### MAINTAINING THE INTEGRITY OF THE CURRENT SURVEY AND TITLES PLATFORM

While the ASaTS programme of work is progressing, LINZ is continuing to ensure that the current Landonline system continues to allow customers to transact property rights easily. This year LINZ has developed a plan to upgrade a core component of Landonline. This upgrade is necessary to ensure that Landonline continues to deliver its current functionality. It is intended that this upgrade will be implemented in 2016.

## Transforming survey and titles services

### IMPROVING THE CADASTRE

In February 2014, the Surveyor-General launched Cadastre 2034, a 10-20 year strategy for developing the New Zealand cadastral system. The strategy was developed through extensive consultation and has as its vision "a cadastral system that enables people to readily and confidently identify the location and extent of all rights, restrictions and responsibilities relating to land and real property".

The strategy sets out goals and strategic actions to guide its implementation over the next 20 years. This will enable the cadastral system to be developed to meet the changing needs of a society where there is confidence in the identification of all rights, restrictions, and responsibilities in land; ready access to advanced positioning technology; and an expectation that all cadastral data will have a level of accuracy that is fit for purpose and that enables its integration with other data. The integration of all property-related data and its visualisation relative to the real world is becoming increasingly critical to supporting New Zealand's economic development and social and environmental outcomes.

<sup>10</sup> Report on 'Valuing New Zealand's survey and title system' by Berl Economics, March 2014

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## REVIEWING THE OCCUPATIONAL REGULATION OF VALUERS

As part of its reviews of its regulatory environment, LINZ completed a review of the Occupational Regulation of Valuers in June 2014. The review found that occupational regulation of valuers is still necessary to protect consumers and the wider public from the risk posed by unethical or incompetent valuers. The existing scheme was found to be fundamentally sound, but in need of a refresh to bring it into line with more modern occupational regulation schemes. Some elements of the existing regulatory scheme were found to be working well, and the review recommended their retention. These include the co-regulatory approach, the certification model of regulation and third party funding.

The review also identified a number of problems with the existing scheme that should be addressed. These related to the governance structure, disciplinary process, the lack of adequate tools to incentivise and enforce compliance, and the inadequacy of current checks and balances in the system. The review recommended improvements to the scheme to address these issues – including changes to the governance body, new reporting and accountability requirements and a new complaints and discipline process. These proposals for change together with the review findings were set out in a discussion document.

In late June 2014, Cabinet agreed to the release of the discussion document for an eight-week period of consultation from 1 July 2014. Feedback from the public consultation will inform the development of policy for which Cabinet approvals will be sought in early 2015 as a step towards legislative change.

## CANTERBURY RATING REVALUATIONS

The first post-earthquake revaluation of Christchurch City's 165,000 properties was certified by the Valuer General on 7 March 2014 and ratepayers were notified of their new values from 12 March 2014. The revaluation was conducted in accordance with a specific Christchurch City Order in Council that modified the Rating Valuations Act 1998. Ratepayers had a statutory right of objection against their new rating values. This closed on 28 April 2014 and 3,900 objections – or 2.4 percent – were received in total. This mirrors the average objection rate in New Zealand for all 2013 revaluations. The revaluation of Christchurch City followed the first successful post-earthquake revaluation of Waimakariri District, which was implemented in November 2013 with an overall objection rate of less than 1.5 percent.



## Summary – Key indicators of progress

The table below summarises key indicators under this outcome. The Statement of Service Performance provides further detail on performance against output level performance targets and discussion of activities this year.<sup>11</sup>

We will assess our contribution to maintaining ease and confidence in transacting property rights by monitoring our progress against the key performance indicators below.

Impact: Maintain confidence in property rights in New Zealand			
INDICATOR	MEASURE AND TARGET	BASELINE/S	2013/14 RESULT
Low levels of objections to rating valuations	Maintain low level of ratepayer objections to territorial local authority rating (TLA) revaluations – target under 3%	2012/13: <2% 2011/12: 2.43% 2010/11: 2%	2.4%
	Achieve the target of settling 80% or more of objections to TLA valuations within 30% of the original notified valuation	2012/13: 86.1% 2011/12: 90.4% 2010/11: 94% 2009/10: 87%	80%
Low levels of legal challenge	Nil to low number of upheld High Court challenges under section 216 of the Land Transfer Act 1952	2012/13: 0 2011/12: 0 2010/11: 0	0

Impact: Maintain ease in transacting property rights			
INDICATOR	MEASURE AND TARGET	BASELINE/S	2013/14 RESULT
Maintain New Zealand's top global ranking for ease of registering property	New Zealand maintains a top-three Organisation for Economic Development (OECD) ranking in the World Bank <i>Doing Business</i> survey for 'ease of registering property'	2012/13: New Zealand moved from third to second in the OECD ranking	Maintained OECD ranking of Second
	Increased survey and titles customer satisfaction that our online service delivery helps them to provide a high level of service to their own clients		The Landonline survey was not carried out due to the number of other surveys our customers received during the year for other initiatives.
A minimised regulatory compliance burden on business	Meet Treasury requirements for our annual scan of planned regulatory activities	2012/13: LINZ met requirements for its regulatory scan	100%
Cost-effectiveness in administering property rights	Maintain low number of compensation claims paid out as a proportion of our costs in administering title property rights	Achieved See table below	

Item	2013/14	2012/13	2011/12	2010/11	2009/10
The approximate costs of administering and regulating the land titles register	\$33m	\$31m	\$30m	\$28m	\$31m
The number of title transactions registered <sup>12</sup>	599k	608k	544k	496k	584k
The number of current compensation claims administered	7	11	13	10	12
The compensation paid out for current claims	\$18k	\$11k	\$11k	\$12k	\$24k
The legal fees paid out to the Crown Law Office for current claims	\$5.5k	\$11k	\$6k	\$12k	\$116k

<sup>11</sup> The measure monitors performance under our electronic titles systems, so the table includes only current claims arising since the electronic system became mandatory. The claims consist of errors made by LINZ staff, and instances where the registration of instruments lodged is prevented by an intervening instrument such as a caveat. Occasionally, claims result in compensation payments that can significantly decrease or increase results in any one year. Consequently, we concentrate on five to ten-year trends to determine our cost-effectiveness.

<sup>12</sup> The number of title transactions 'registered' relates to the processed transactions ie. a property is 'registered' when it enters the system and is 'processed' when completed.

We will assess our contribution by monitoring our progress against the key performance indicators below.

**Impact: Maintain confidence in property rights in New Zealand**

INDICATOR	MEASURE AND TARGET	BASELINE	2013/14 RESULT
Continued delivery of robust overseas investment decision-making and enforcement of conditions	Improved or maintained levels of investigation of suspected breaches of the Overseas Investment Act 2005	2012/13: Annual Report page 48: standard 90% actual 88%	Achieved 100% of initial investigation reports were completed within 60 working days.

**Impact: Maintain ease in transacting property rights**

INDICATOR	MEASURE AND TARGET	RESULT
Continued delivery of robust overseas investment decision-making and enforcement of conditions	Ongoing provision of high-quality and timely decision-making	Achieved All of the measures for <i>Administering the Overseas Investment Regime output class</i> were achieved. See page 39 of the Statement of Service Performance.

## Increased effectiveness in managing the overseas investment regime

Based in LINZ, the Overseas Investment Office (OIO) administers New Zealand's overseas investment regime. The work contributes to the Government's outcome of improved overall economic performance.

The overseas investment regime reflects the Government's aim of achieving a balance between ensuring that New Zealand's sensitive assets are adequately protected while facilitating overseas investment that provides benefits to New Zealand. Such benefits include increased job opportunities in New Zealand, the introduction into New Zealand of additional development capital and increased export receipts for New Zealand exporters.

### IMPROVED OR MAINTAINED LEVELS OF INVESTIGATION OF SUSPECTED BREACHES OF THE OVERSEAS INVESTMENT ACT 2005

Investigations into suspected breaches of the Overseas Investment Act 2005 were improved or maintained, with 100 percent of initial investigation reports completed within the 60 working day target timeframe. In relation to the monitoring of consent conditions, 99 percent of monitoring reports were assessed within the 40 working day target timeframe.

### THE ONGOING PROVISION OF HIGH-QUALITY AND TIMELY DECISION-MAKING

LINZ undertook a number of initiatives to ensure the ongoing provision of high-quality and timely decision-making. These included weekly staff workshops to ensure consistent understanding and application of the statutory criteria in the Overseas Investment Act 2005. Informal feedback from Ministers' offices about the quality of the reports has been very positive. The internal timeliness targets for the assessment of applications were all met, with 100 percent of Category 1 applications assessed within 30 working days of active consideration (target 90 percent), 96 percent of Category 2 applications assessed within 50 working days of active consideration (target 90 percent), and 96 percent of Category 3 applications assessed within 70 working days of active consideration (target 90 percent).



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## Effective support for Māori and iwi development

### TE TURE WHENUA

Te Puni Kōkiri is leading Te Ture Whenua Māori Act Review; a significant and exciting programme of reform for the governance and management of Māori land.

Te Ture Whenua Māori Act Review proposes a number of reforms to legislation that aim to unlock the economic potential of Māori land, while ensuring a balance between commercial and cultural interests. LINZ has been working with Te Puni Kōkiri, the Ministry of Justice and the Māori Land Court to develop proposals for implementing the reforms.

LINZ is involved as it has experience of moving from a paper-based to a national, digital, online service and because of our current responsibilities under Te Ture Whenua Māori Act 1993.

### MĀORI LAND COURT E-LODGE MENT PROCESS

Under Te Ture Whenua Māori Act 1993, Māori Land Court (MLC) Orders are required to be lodged with LINZ. There are approximately 4,000 such Orders per annum. The manual process that has operated between the MLC and LINZ to date has been labour-intensive and time-consuming. Through 2013/14, the MLC and LINZ worked closely together to pave the way for the electronic lodgement of these Orders. Electronic lodgement commenced on 4 July 2014 and enables MLC staff to lodge these Orders directly into the LINZ Landonline system. It eliminates many time-consuming and laborious processes and reduces the overall lodgement transaction time from up to 20 working days to 10 working days. More importantly, it enables the land register to reflect decisions of the MLC in a more timely manner.

### ADVANCED SURVEY AND TITLES SERVICES (ASATS)

As part of the development of the Detailed Business Case for the Advanced Survey and Titles Services programme, LINZ has met with iwi, Te Tumu Paeroa, and the Māori Land Court to discuss what improvements could be made that would deliver benefits for Māori and iwi.

### LAND TRANSFER BILL

LINZ is leading a modernisation of the Land Transfer Act 1952 (LTA) and associated legislation to update and consolidate its provisions including electronic reforms during the 2000s. The resultant legislation will modernise, clarify and consolidate land transfer law in New Zealand. The review has made good progress and a Land Transfer Bill is on track for consideration by Parliament in 2015.

# Crown Property

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Managing Crown-owned and used land more effectively and sustainably.

## Our role and impacts

### ENABLING APPROPRIATE ECONOMIC, ENVIRONMENTAL AND RECREATIONAL USES OF CROWN-OWNED AND USED LAND

On behalf of the Crown, LINZ manages around eight percent of New Zealand's land area and regulates the buying and selling of land by all Crown agencies. The land currently under our management includes South Island High Country pastoral leases, riverbed land, beds of lakes – such as Wanaka and Karapiro – major sites such as the Waihi gold mine, Crown Forestry Licences, closed schools, court houses, prisons and police stations, plus areas of coastal reclaimed land. It also includes land that is a liability to the Crown.

To improve the effective and sustainable management of Crown-owned property across government we have established the Crown Property Centre of Expertise (CPCoE) – an initiative to improve the acquisition, use, management and disposal of Crown-owned and used property.

In addition to Crown-owned and used land, we manage a diverse property portfolio – ranging from residential to industrial and commercial buildings worth in excess of \$500 million.

We continue to provide all possible support to the Canterbury Earthquake Recovery Authority (CERA). This will include undertaking maintenance work on properties in the Canterbury red zone on behalf of CERA.

We are involved in the settlement of all historic Treaty of Waitangi claims. This includes providing expert policy and land transaction advice, managing land held for future settlements and directly negotiating with claimants around values for this land, making regulatory decisions on Treaty settlement documents. After settlement we manage a substantial ongoing body of work – in some cases 'in perpetuity' – to implement, administer and manage settlement obligations.

## Crown Property Centre of Expertise



CPCoE aligns with the Government's overarching goal of creating a better public service, and contributes to New Zealand's economic development by enabling Crown agencies to manage and utilise their assets more effectively.

The CPCoE leverages LINZ's experience and knowledge in Crown property management to assist other organisations for which Crown property activities may be peripheral to core business. In 2013/14 the CPCoE ensured that the Crown acquired and disposed of property in a way that advanced the public interest and protected private rights, and that Crown property was put to its best use for economic, environmental and social purposes.

The CPCoE now has seven Memoranda of Understanding<sup>13</sup> with agencies to manage and/or dispose of assets on their behalf. Over the past financial year management of around \$125 million in surplus property has been transferred to the CPCoE for disposal (around \$24 million from the Justice sector, \$100 million from the Ministry of Education, \$1 million from other agencies). The CPCoE has been instrumental in turning the performance of the MOE disposal programme around in the six months it has been under its management. CPCoE has realised \$18.8 million in sales to date for MOE, meeting sales revenue targets set by MOE. We have also reduced the average timeframe for disposals, which has contributed to additional savings to MOE in terms of holding and capital charge costs.

As at 1 July 2014, the entire MOE housing portfolio transferred to CPCoE for management, valued at \$330 million – \$145 million Ministry-owned, \$185 million Board of Trustees-owned. The CPCoE will actively manage the 612 Ministry-owned properties, and determine annual rentals for 1,278 Board of Trustees-owned properties.

The CPCoE now manages \$500 million of assets on behalf of other agencies. We are the second largest disposer of Crown property, after NZTA, with a disposal programme of \$125 million.

<sup>13</sup> CPCoE has agreed Memoranda of Understanding with Ministry of Education, NZ Police, Ministry of Justice, Department of Corrections, Ministry of Primary Industries, Department of Internal Affairs and Canterbury Earthquake Recovery Authority.

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## More effective and sustainable land management

The CPCoE aligns with the Government's overarching goal of creating a better public service and contributes to New Zealand's economic development by enabling Crown agencies to manage and utilise their assets more effectively. It is also a Ministerial priority focused on the following key areas in 2013/14:

### DISPOSAL OF JUSTICE SECTOR ASSETS

Working with the Department of Corrections, New Zealand Police and Ministry of Justice we reallocated property no longer required by the Justice sector from its Crown Balance Sheets to ours. These properties are now being progressed through the disposal process for Crown-owned land.

### ACTIVE ENGAGEMENT WITH OTHER AGENCIES

By actively engaging with other agencies, we explored opportunities for what the CPCoE offers in terms of advice services, ownership and productivity benefits. In June 2014 we surveyed a selection of key agencies, iwi and professional service providers who use the regulatory framework for the acquisition and disposal of Crown property. We received suggestions for improvements to better meet the needs of agencies and landowners, while also preserving the Crown's obligations.

### CAPABILITY BUILDING ACROSS GOVERNMENT

Working with the Property Institute we published an initial training module in Crown property for government agencies and property professionals to increase knowledge of issues specific to Crown property across the sector. We have also developed a programme to complete further modules over the next 18 months. Improved access to training modules is aimed at lifting capability across the Crown property sector.

### TREATY SETTLEMENT SUPPORT

We explored opportunities that the CPCoE could offer other agencies for the refinement and improvement of current Treaty settlement processes in relation to Crown property. As a result, the CPCoE will brief iwi on how the Right of First Refusal (RFR) is applied.

## BIOSECURITY

LINZ primarily operates in the pest management sector, but also participates in national surveillance and monitoring activities, and contributes to establishing national priorities and building awareness.

The 2013/14 year saw an increase in high ratings from two stakeholder satisfaction surveys during the period. This highlights the improved levels of collaboration and effective stakeholder management by LINZ.

LINZ has successfully collaborated with other agencies, regional councils and landowners for more effective pest management plans to target particular plant and animal pests that constantly invade such Crown-owned land as river and lake beds. This year is the ninth of a 10-year management plan to control the spread of the aquatic weed *Lagarosiphon major* (oxygen weed) in Lake Wanaka. Progress containing the weed is well ahead of schedule in improving the health of the lake, as well as opening up more of the lake for recreation.

In the campaign against wilding pines, 260 hectares of wilding pines were successfully sprayed by helicopter at Mid-Dome in northern Southland. LINZ works alongside the Mid-Dome Wilding Trees Charitable Trust, Department of Conservation, Environment Southland and local landowners on a 12-year project to eradicate the trees and restore the ecological, economic and landscape values of the area. In addition to regular funding, the Trust last year received a \$1.2 million Government grant which LINZ administers, enabling an expanded control programme.

## Summary – Key indicators of progress

The table below summarises key indicators under this outcome. The Statement of Service Performance provides further detail on performance against output level performance targets and discussion of activities this year.

We will assess our contribution to enabling appropriate economic, environmental and recreational users of Crown-owned and used land by monitoring our progress against the key performance indicators below.

Impact: More effective and sustainable land management			
INDICATOR	MEASURE AND TARGET	BASELINE/S	2013/14 RESULT
Cost-effective management of High Country pastoral leases	By 2014, resolve 95% of the pastoral lease rent reviews in dispute as at 29 February 2012	February 2013: 38 rent reviews in dispute	Achieved Resolved 100%
	Decreased cost in undertaking pastoral lease rent reviews following implementation of the new Rents for Pastoral Leases system, target post 1 July 2013 is less than \$4,000	Current cost pre-new earning capacity rent policy is \$10,000	Achieved Cost decreased to \$2,920 (average)
Improved management of our non-pastoral Crown land portfolio	In 2013/14 at least 2% (currently 51 properties) of the non-active properties in the LINZ-administered portfolio will be reviewed to determine a best use strategy	New measure	Achieved 61 properties
Crown land continues to be released for other uses	Targets achieved for releasing land – refer to page 24 of the 2013-2016 SOI	From page 24 of the 2013-2016 SOI	Refer to table on page 27
Key Crown land management risks effectively mitigated	All new pest weed infestations identified in our pest weed survey area are managed in accordance with best practice	2012/13: 100%	Achieved 100%
	New land liabilities to the Crown included on the register are resolved within two years – target 65%	This new measure relates to new liabilities identified this financial year (2013/14): <ul style="list-style-type: none"> <li>Of the four new liabilities, three were resolved within this first year of measurement.</li> <li>The target for settling new liabilities over a two year period is 65%.</li> <li>The 75% achieved this year does not include 16 other liabilities that were already in the system which have also been settled in this financial year.</li> </ul>	
Value for non-pastoral Crown land	Maximum value for rental incomes is sought on Crown land	New measure LINZ has recently introduced a number of tools to improve the return on Crown land. These are: A) The contract agreed with our principal property management service provider in 2013 requires them to: <ul style="list-style-type: none"> <li>i) produce a strategy for the top 50 revenue earning properties</li> <li>ii) achieve a market income on those top 50 revenue earning properties</li> <li>iii) produce a utilisation strategy for 2% of LINZ's non-active properties.</li> </ul> B) To assist our service provider to achieve maximum rentals, LINZ maintains a Rental Assessment Guideline for them to apply when appropriate.	
	Market value of Crown land sold for private use is achieved – target 90%	New measure	90%
	Increase or maintain stakeholder satisfaction with both the biosecurity programme and its delivery	3.3 out of 5 in our 2012 survey	Achieved 4.3 out of 5

**Impact: More effective and sustainable land management**

TYPE OF LAND RELEASE	TARGET FOR 2013/14	ACHIEVED IN 2013/14	ACHIEVED IN 2012/13
Pastoral land into freehold	18,000ha	23,118ha	43,790ha
Pastoral land designed for conservation land	12,000ha	15,883ha	39,458ha
Crown forest land to iwi	114,115ha	78,405ha	24,889ha
Other Crown land to the private sector	881ha	114ha	850ha
Other Crown land into community or government use	101ha	3ha	33ha

**REPORTING OF TENURE REVIEW OF PASTORAL LEASES**

The following figures represent the number of tenure reviews completed, sales, acquisitions of pastoral leases, the net costs, and the value of land to be transferred to conservation estate for the financial year 2013/14.

Measure	2013/14 amount
Number of tenure reviews	18
Sales	\$63,058,000
Acquisitions	\$69,600,000
Net costs	\$6,542,000
Value of land transferred to DOC	\$7,276,000

## Effective management of Crown land in Canterbury

Our work with the Canterbury Earthquake Recovery Authority (CERA) ensures that all possible support is provided – particularly around the existing legislative framework. In addition, LINZ is providing ongoing advice and capability to enable CERA to develop interim land clearance treatment options for the residential red zone areas. This work contributes to engagement between Crown agencies and public interest matters whilst ensuring all interim options are retained prior to any future use consultation by CERA.

### Summary – Key indicators of progress

**Impact: Effective support for rebuilding Canterbury**

INDICATOR	MEASURE AND TARGET	BASELINE/S	2013/14 RESULT
Effective management of Crown land in Canterbury	Effectively contribute to the Canterbury rebuild through effective management of the residential red zone land parcels and advise the Crown on land management issues.	New measure	LINZ has 150 properties from CERA to date and is unable to set a realistic baseline at this time.

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## Effective support for Māori and iwi development

Through the Crown Property Centre of Expertise and He Whāriki Maurua – LINZ's Business with Māori strategy, we ensure that Māori interests are expertly managed. We continue to see location information about Crown property integrated into the location system, and to use interoperable location information to assist LINZ and others in the management of Crown property. The strategy provides us with a clear direction for working with Māori and iwi as valued Treaty partners, business partners, stakeholders and customers.

### Contribute to settling historic Treaty claims

LINZ continues to prioritise resources carefully, and work collaboratively with the Office of Treaty Settlements (OTS) to meet its milestones to enable the settlement of all historic claims. Specific settlements involving significant work from LINZ in 2013/14 included the Te Tau Ihu settlement in the top of the South Island, the Whanganui River deed of settlement (we administer most of the bed of the river) and the Tāmaki Makarau settlement in Auckland.

Our role continues after settlement has been reached as we manage a substantial ongoing body of work – in some cases in perpetuity – to implement, administer and manage settlement obligations. In 2013/14 we have worked with the new Post Settlement Commitments Unit in the Ministry of Justice to ensure that the Crown continues to meet its obligations through settlements and that settled iwi are informed about how government deals with Crown-owned property.

## Other Crown property activities

We continue to effectively support key national infrastructure projects through our quality assurance and approval processes for the acquisition and disposal of property by Crown agencies. Infrastructure projects – such as the Government-designated Roads of National Significance – involve Crown land acquisitions, and we continue to help manage the significant risks the Crown faces when acquiring land.

We continue to effectively manage our responsibilities in relation to property maintenance and associated obligations, pastoral lease management and tenure review processes. LINZ has continued to implement the Crown Pastoral Land (Rent for Pastoral Leases) Amendment Act 2012. All outstanding Valuation Tribunal disputes arising from the previous rental system have been resolved.

# Improving organisational performance

In 2013/14 we successfully progressed the three areas of focus within our People Strategy – capability, leadership and culture.

## Capability

We commenced a programme of work to better analyse our succession planning and capability development needs and will continue to build on this in 2014/15. We also developed and piloted the Whakapakari programme, focused on strengthening the capability of people to undertake business with Māori and iwi across the organisation.

## Leadership

Having developed LINZ's 10 Year Vision and identifying the leadership shifts required to deliver on this, work has been undertaken to help support these shifts. This has included developing our leadership capability in leading through change and developing a Leadership Success Framework. Over the coming year this framework will be integrated into our people-related tools and practices.

## Culture

Throughout 2013/14 LINZ maintained a highly-engaged culture. The Our Place engagement survey resulted in a slight drop in LINZ's organisational score to 4.04 from 4.16 in 2012. LINZ remains within the top five most engaged public sector agencies.

The table below summarises key indicators under this outcome. The Statement of Service Performance provides further detail on performance against output level performance targets and discussion of activities this year.

We will assess our contribution to 'Well Run LINZ' by monitoring our progress against the key performance indicators below.

INDICATOR	MEASURE AND TARGET	BASELINE / RESULT
Improved or maintained KPIs for workforce engagement, leadership and technical skills capability	Increase or maintain overall Gallup survey engagement and leadership scores	Slight decrease from 4.16 to 4.04. Anticipated a slight decrease due to organisational change during this period.
	Reduce or maintain the turnover for staff with fewer than three years' service	2013/14: 35.3% 2012/13: 12% 2011/12: percentage of LINZ staff with fewer than three years' service was 31%, of which 22.6% left LINZ.
	Increase or maintain internal or local appointments to critical technical roles	2013/14: 20% of critical roles were filled by internal candidates. 2012/13: There were 18 critical technical roles filled in the 2012/13 financial year; 44% were filled by internal staff In 2011/12, 12.5% of critical technical roles were filled internally (there were eight critical technical roles filled in total)
Increased stakeholder satisfaction with our service delivery	Pilot 10 tactical engagement plans for key stakeholders in 2013/14 and evaluate the effectiveness of the piloted plans	2013/14: This was not completed due to organisational change process. New measure: baseline 0
	Carry out a comprehensive stakeholder survey by June 2014 to monitor progress of the tactical engagement plans	2013/14: This was not completed due to organisational change process. New measure: baseline: n/a

INDICATOR	MEASURE AND TARGET	BASELINE / RESULT	
Increased customer satisfaction with our service delivery	Maintain or increase overall satisfaction levels from key customer groups	Refer to the table below.	
Improved ICT and other corporate services cost-effectiveness	Maintain IT spending at or below the 2012/13 baseline	Achieved LINZ maintained IT spending below the 2012/13 baseline.	
	Maintain or improve metric of administration and support services (A&S) costs as a percentage of running costs	Financial year	A&S services as % of overall organisation running costs
		2012/13	28.09%
		2011/12	29.02%
		2010/11	30.18%
		2009/10	32.33%
	Maintain our rating for service performance information and associated system controls	Assessed as 'good' by the Office of the Auditor-General 2013/14.	
Short-term and long-term fiscal sustainability ensured	Maintain full cost recovery of survey and titles costs in 2013/14 and clear the remaining operating deficit	Operating deficit was repaid during 2013/14. Survey and Titles in surplus (\$17.7m) at 2013/14 year end.	
	Manage workforce and inflation costs from within our Crown baseline (on track to achieve this in 2012/13)	No breach of Crown appropriation in 2013/14. Baseline: n/a	

#### Most recent customer satisfaction survey results

Survey and title service delivery	2011/12	75%
	2012/13	87%**
	2013/14	89%**
Geodetic products and services	2011/12	65%
Topographic products	2011/12	65%
	2012/13	86%
Hydrographic products and services	2011/12	85%
	2013/14	94%
LINZ Data Service	2013/14	96%

\*\*How well does the LINZ Customer Support service deliver the CARE principles





## Service performance

This section summarises the contribution made by the Vote Lands output classes to our outcomes and results.

It provides our Statement of Service Performance, which is an assessment of our delivery of outputs against the performance measures set out in the Budget 2013/14 Information Supporting the Estimates.

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# Statement of Responsibility

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In terms of sections 45 and 45c of the Public Finance Act 1989 I am responsible, as Chief Executive of Land Information New Zealand, for the preparation of Land Information New Zealand's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of Land Information New Zealand for the year ended 30 June 2014.



**Peter Mersi**  
CHIEF EXECUTIVE  
LAND INFORMATION NEW ZEALAND  
30 SEPTEMBER 2014



**Ian McEwan**  
CHIEF FINANCIAL OFFICER  
LAND INFORMATION NEW ZEALAND  
30 SEPTEMBER 2014

# Audit Report

## Independent auditor's report to the readers of Land Information New Zealand's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2014

The Auditor-General is the auditor of Land Information New Zealand (the Department). The Auditor-General has appointed me, David Morrow, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Department on her behalf.

We have audited:

- the financial statements of the Department on pages 57 to 77, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the non-financial performance information of the Department that comprises the statement of service performance on pages 31 to 56 and the report about outcomes on pages 3 to 30; and
- the schedules of non-departmental activities of the Department on pages 78 to 93 that comprise the schedule of assets, schedule of liabilities and revaluation reserves, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2014, the schedule of expenses, schedule of expenditure and capital expenditure against appropriations, schedule of income and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

The financial statements of the Department on pages 57 to 77:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Department's:
  - financial position as at 30 June 2014;
  - financial performance and cash flows for the year ended on that date; and

- expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2014; and

The non-financial performance information of the Department on pages 31 to 56 and 3 to 30:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the Department's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:
  - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
  - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

The schedules of non-departmental activities of the Department on pages 78 to 93 fairly reflect, in accordance with the Treasury Instructions:

- the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2014 managed by the Department on behalf of the Crown; and
- the revenues, expenses, expenditure and capital expenditure against appropriations for the year ended on that date managed by the Department on behalf of the Crown.

Our audit was completed on 30 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities, and we explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements, the non-financial performance information and the schedules of non-departmental activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported non-financial performance information within the Department's framework for reporting performance;
- the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. Also we did not evaluate the security and controls over the electronic publication of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements and non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the Department's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation; and
  - fairly reflect its service performance and outcomes; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that fairly reflect those activities managed by the Department on behalf of the Crown.

The Chief Executive is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, the non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the financial statements, non-financial performance information and schedules of non-departmental activities, whether in printed or electronic form.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

## Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Department.



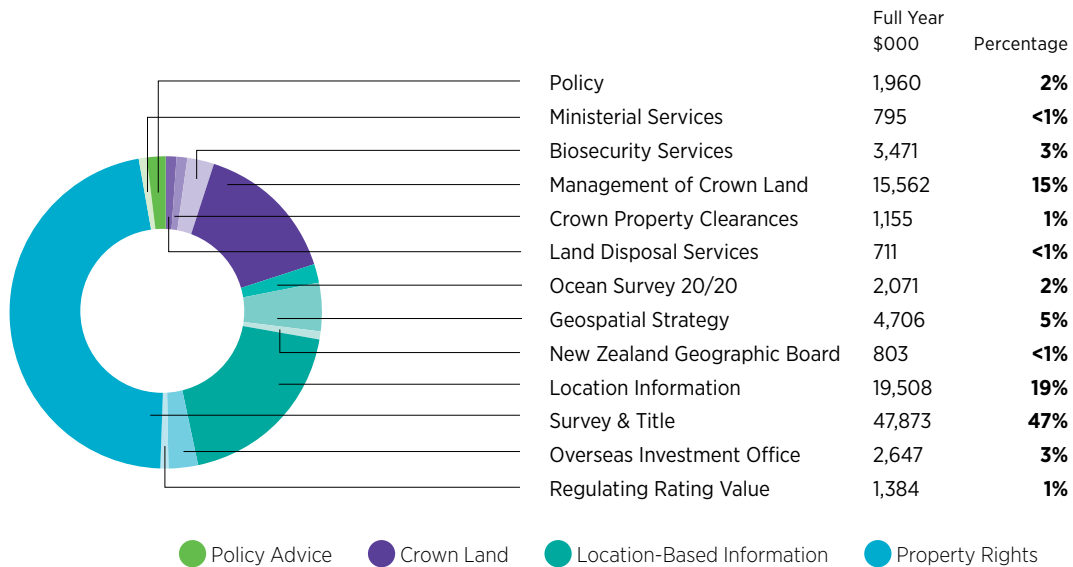
**David Morrow**  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand

# Linking our outputs to the results LINZ seeks

LINZ delivers its output activities for managing policy advice, property rights transactions, location information and Crown land through 13 output classes. The activities within these output classes all help to achieve the results and outcomes described in the 'Year in Review' section of this report.

The total expense under each output class is provided in the figure below. In 2013/14, total expenditure across our output classes was \$102,646 million. This diagram shows the expenditure in each output class (\$000) and the percentage this is of the overall output expenditure.

## OUTPUT CLASS EXPENSES



## Output class review

The following table represents the LINZ output classes for 2013/14, redefined in 2012/13.

In 2013, LINZ restructured its appropriations again based on amendments to the State Sector Act 1988 and Public Finance Act 1989, which from 2014/15 enable a number of expenditure types to be included in separate categories of the same appropriation, where they contribute to an overarching purpose.

## MULTI-CLASS OUTPUT APPROPRIATIONS FOR 2013/14

Each Multi-Category Appropriation (MCA) for 2014/15 contains an 'Overarching Purpose Statement' about what is intended to be achieved with each appropriation and how performance will be assessed.

In 2014/15, LINZ will deliver its functions through the four multi-category appropriations (MCA), one departmental output class appropriation and one departmental capital expenditure appropriation. The funding of these output classes comes from both Crown and third party revenue.

MULTI-CLASS OUTPUT APPROPRIATIONS	OUTPUT EXPENSES
<b>Crown Land</b> The overarching purpose of this appropriation is to enable the best economic, environmental and recreational uses of Crown-owned and Crown-used land.	<ul style="list-style-type: none"> <li>Centralised clearance service for acquisitions and disposals</li> <li>Land disposal services for other agencies</li> <li>LINZ Biosecurity Programme</li> <li>Management of Crown land</li> </ul>
<b>Location-based Information</b> The overarching purpose of this appropriation is to enable location information to be widely-available, easily-accessible and readily-used.	<ul style="list-style-type: none"> <li>Administration of the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa</li> <li>Leading the New Zealand Geospatial Strategy</li> <li>LINZ Location-Based Information Infrastructure</li> </ul>
<b>Policy Advice and Related Services</b> The overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.	<ul style="list-style-type: none"> <li>Ministerial Services, Appointments, Implementation and Operational Policy</li> <li>Policy Advice</li> </ul>
<b>Property Rights</b> The overarching purpose of this appropriation is to ensure that property rights and information are clear, certain, easily tradable and accessible.	<ul style="list-style-type: none"> <li>Regulating Valuation</li> <li>The Survey and Title system</li> </ul>
<b>Departmental output class</b> <ul style="list-style-type: none"> <li>Administering the Overseas Investment Regime</li> </ul> This appropriation is limited to the assessment of applications for consent to acquire sensitive New Zealand assets, and monitoring and enforcement.	
<b>Departmental Capital Expenditure and Capital Injections output class</b> <ul style="list-style-type: none"> <li>LINZ – Capital Expenditure Permanent Legislative Authority (PLA)</li> </ul> This appropriation is limited to the purchase or development of assets by and for the use of LINZ, as authorised by section 24(1) of the Public Finance Act 1989.	

## OUR OUTCOME AREAS AND THE RESULTS LINZ SEEKS UNDER THEM

	PROPERTY RIGHTS	LOCATION-BASED INFORMATION	CROWN LAND
OUTCOME	Maintaining the integrity of the property rights system to encourage trade, commerce and wellbeing	Increasing the productive use of location information	Enabling appropriate economic, environmental and recreational uses of Crown-owned and used land
IMPACTS	<ul style="list-style-type: none"> <li>• Maintain confidence in property rights in New Zealand</li> <li>• Maintain ease in transacting property rights</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the use of location information in government decision-making</li> <li>• Reduce the costs of finding, sharing and using location information</li> <li>• Maintain support of New Zealanders' safety, security, culture and economic development through our location information service delivery</li> <li>• Effective support for rebuilding Canterbury</li> </ul>	<ul style="list-style-type: none"> <li>• More effective and sustainable land management</li> </ul>
INDICATORS	<ul style="list-style-type: none"> <li>• Maintain low levels of objections to rating valuations</li> <li>• Maintain low levels of legal challenge</li> <li>• Maintain New Zealand's top global ranking for ease of registering property</li> <li>• A minimised regulatory compliance burden on business</li> <li>• Cost-effectiveness in administering property rights</li> <li>• Provide delivery of robust overseas investment decision-making and enforcement of conditions</li> <li>• Continued delivery of robust overseas investment decision-making and enforcement of conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Increase participation by government agencies in SDI</li> <li>• Increased release of location information</li> <li>• Increased economic and cultural development opportunities from access to location information</li> <li>• Increase value for money</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-effective management of High Country pastoral leases</li> <li>• Improved management of our non-pastoral Crown land portfolio</li> <li>• Crown land continues to be released for other uses</li> <li>• Key Crown land management risks effectively mitigated</li> <li>• Value for non-pastoral Crown land</li> <li>• Effective management of Crown land in Canterbury</li> </ul>
OUTPUTS	Refer to Property Rights 'standard' column on page 50	Refer to Location-based Information 'standard' column on pages 44-45	Refer to Crown Land 'standard' column on pages 41-42

# Details and Expected Performance for Output Classes

## (PERFORMANCE INFORMATION FOR APPROPRIATIONS 2013/14 – VOTE LANDS)

The financial performance 'Actual 2013' columns for the Multi-class Output Appropriations (MCOA) cannot be populated due to the changes made to the output classes from 2012/13 to 2013/14 – these columns have been left blank.

### Administering Ocean Survey 20/20 output class

The one output under this output class: 'Ocean Survey 20/20' is a comprehensive programme of ocean and coastal survey activity. It aims to provide New Zealand with better knowledge about its ocean territory, which is the fourth-largest exclusive economic zone in the world. The programme and budgetary funding was transferred to MBIE on 1 July 2014.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
The percentage of Ocean Survey 20/20 survey results that meet the deliverables specified in the service delivery contract.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	2,161	2,185	2,071	2,071
<b>Total revenue</b>	<b>2,161</b>	<b>2,185</b>	<b>2,071</b>	<b>2,071</b>
<b>Total expenses</b>	<b>2,161</b>	<b>2,185</b>	<b>2,071</b>	<b>2,071</b>
<b>Net surplus/(deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Administering the Overseas Investment Regime output class

### The assessment of applications for consent to acquire sensitive New Zealand assets, monitoring and enforcement

The Overseas Investment Office (OIO) administers the New Zealand Government's overseas investment legislation. The core work of the OIO is to assess applications for consent from overseas persons who want to invest in sensitive New Zealand assets. The OIO also monitors compliance with conditions of consent and enforces breaches of the Overseas Investment Act 2005. The OIO is a regulatory unit within LINZ staffed by legal professionals.

#### KEY PERFORMANCE MEASURES

These are the key measures of the OIO's performance in providing high-quality and timely decision-making, and monitoring and enforcement.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
The percentage of applications screened for registration within 5 working days of receipt.	90%	99.5%	90%
The percentage of accepted applications under active consideration by the Overseas Investment Office that are processed within the timeline specified for each of the following categories:			
Category 1 Applications – 30 working days or less	90%	100%	100%
Category 2 Applications – 50 working days or less	90%	96%	96%
Category 3 Applications – 70 working days or less.	90%	96%	100%
The satisfaction score (out of 10) given by the Minister for Land Information for the quality of advice on Overseas Investment matters.	6 out of 10 or better	8	New measure
The percentage of monitoring reports assessed within 40 working days of receipt.	90%	99%	97%
The percentage of public alerts about potential breaches assessed for possible investigation within 10 working days of receipt.	90%	94%	100%
The percentage of initial investigation reports completed within 60 working days of the investigation beginning.	90%	100%	89%

#### Quality and timeliness in decision-making

The OIO met all performance measures for 2013/14. This was an improvement on previous years. The OIO has continued to categorise applications by complexity this year (Categories 1-3). This has provided applicants with greater clarity around processing timeframes.

The table of key measures (above) shows that overall the OIO continued to be timely in its monitoring of all conditions of consent, and in investigating public alerts about suspected breaches of the Overseas Investment Act 2005.

## ADDITIONAL PERFORMANCE INFORMATION

Volumes	Estimated volume	Actual volume this year	Actual volume last year
The quantity of overseas investment applications received for registration	200 (range 150-200)	153	135

The volume of applications received is largely driven by global demand for New Zealand investments. This year, the OIO accepted 153 applications for processing. This is a considerable increase compared to the previous year.

The OIO also continued to provide information in response to a high number of media requests.

### Conditions of consent

- All overseas investors who have been granted consent must comply with standard conditions. Typically, the consent will lapse if the transaction does not take place within a specified timeframe. There are also reporting requirements if the transaction takes place, and a requirement that the investor continues to be of good character.
- Investors must also comply with the representations and plans submitted in support of their applications, unless compliance can reasonably be excused.
- Additional special conditions may also be imposed, such as requiring specific amounts of capital expenditure or improving walking access to land.

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue other	2,315	2,533	2,955	3,373
<b>Total revenue</b>	<b>2,315</b>	<b>2,533</b>	<b>2,955</b>	<b>3,373</b>
<b>Total expenses</b>	<b>2,945</b>	<b>2,955</b>	<b>2,955</b>	<b>2,647</b>
<b>Net surplus/(deficit)</b>	<b>(630)</b>	<b>(422)</b>	<b>-</b>	<b>726</b>

## Crown Land MCOA

This multi-class output appropriation contains output classes that contribute to enabling appropriate economic, environmental and recreational uses of Crown-owned land.

### KEY PERFORMANCE MEASURES

These measures demonstrate our performance in managing Crown-owned and used land.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
<b>Centralised clearance service for acquisitions and disposals</b>			
The statutory decision-making on land acquisitions and disposals by the Crown and road legislation actions for local authorities and related work.			
The percentage of recommendations on reports received from certified suppliers approved, declined or responded to within 10 working days.	95%	Not met 94%	95%
The percentage of statutory decisions that meet regulatory and statutory requirements.	100%	Achieved 100%	100%
The rating that LINZ receives from key stakeholders for its timeliness on decisions for acquisitions and disposals.	3 out of 5 or better	Achieved 4.75	New measure
<b>Land disposal services for other agencies</b>			
The costs associated with the disposal of land and improvements that have been assigned to LINZ for disposal.			
The percentage of median realised value of expected realisable value.	90%	Achieved 100%	New measure
The median disposal time is the same or less than the expected disposal time. <sup>14</sup>	95%	Achieved 100%	New measure
The income achieved from freely tenable properties held for disposal equals or exceeds 90% of the current market rentals.	100%	Achieved 100%	New measure
<b>LINZ Biosecurity Programme</b>			
The delivery of the LINZ Biosecurity Programme			
The rating LINZ receives from its survey of key biosecurity stakeholders on their satisfaction with the LINZ Biosecurity Programme developed for that financial year.	Average of 3 out of 5 or better	Achieved 4.2	New measure
The rating LINZ receives from its survey of key biosecurity stakeholders on their satisfaction with the delivery of the biosecurity programme for that financial year.	Average of 3 out of 5 or better	Achieved 4.3	New measure
The achievement of defined success criteria in the delivery of each of the key projects identified in the annual biosecurity programme.	90%	Achieved 100%	New measure

<sup>14</sup> Disposing of Crown property is specialised, time consuming and costly work because of the statutory and policy obligations that need to be met prior to sale. A simple disposal is likely to take between 18-24 months, one of medium complexity 24-36 months and complex between 36-54 months. The bulk of the client properties transferred to LINZ for disposal have occurred since November 2013. The seven months these properties have been with LINZ is not long enough to provide meaningful reporting against this performance measure. Since November 2013 LINZ has disposed of 60 Ministry of Education properties (these were already in the disposal process when they transferred to LINZ) and the median disposal time was 38 months.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
<b>Management of Crown Land</b>			
The management of the Crown's interest in land, including disposals, related liabilities, and establishing standards relating to Crown Land.			
All disposal processes comply with the relevant statutory and government policy requirements.	100%	Achieved 100%	New measure
The income achieved from the top 50 revenue earning properties equals or exceeds 90% of the current market rentals.	100%	Achieved 100%	New measure
The percentage of the non-active properties in the LINZ administered portfolio reviewed to determine a best use strategy. <sup>15</sup>	At least 2% (51 properties)	Achieved 61 properties	New measure
The percentage of consent applications made by lessees on pastoral land that are processed within 40 working days.	95%	Achieved 97.8%	95%
The percentage of decisions on consent applications by lessees on pastoral land that meet statutory requirements as specified by the Commissioner of Crown Lands.	100%	Achieved 100%	100%
The satisfaction of key user groups with regulatory frameworks and standards for Crown Land.	Average of 3 out of 5 or better	Achieved 3.5	New measure

LINZ is responsible for regulating the acquisition and disposal of land by the Crown, providing technical advice, and acquiring properties on an as-required basis. The activities LINZ performs are wide-ranging and varied. In 2013/14, LINZ managed approximately 7,500 properties, an increase of 2,500 from the previous year. Of those, 53 return over \$10,000 in rent per annum, and 41 are Crown Forest Licences. Approximately 2,500 properties are currently non-active properties (ie. properties which currently have no associated costs or revenue). LINZ tenders out property management contracts to manage and maintain its portfolios. In addition to the above properties, LINZ also manages 204 pastoral leases. LINZ has obligations across its properties to manage risks associated with the properties it administers.

#### ADDITIONAL PERFORMANCE INFORMATION

There was a slight variance of 1% for the first measure under *'Centralised clearance service for acquisitions and disposals'* due to a higher priority of work, workload, and legal advice. In addition very high numbers of decision requests were lodged in May and June (50% above average).

#### Crown Property Centre of Expertise

LINZ established the CPCoE, an initiative to improve the acquisition, use, management and disposal of Crown-owned and used property. LINZ continues to provide support to the Christchurch Earthquake Recovery Authority (CERA) which includes undertaking maintenance work in properties in the Canterbury red zone on behalf of CERA.

CPCoE has Memoranda of Understandings with agencies to dispose of assets on their behalf. LINZ continues to support key national infrastructure projects through our quality assurance and approval processes for the acquisition and disposal of property by Crown agencies.

#### Centralised clearance service for acquisitions and disposals/ Land disposal services for other agencies

LINZ carries out expert statutory decision-making over the acquisition and disposal of Crown land by government agencies. The risks to the Crown in this area can be high, so our activities ensure government agencies operating in the property market act in accordance with legislation, Cabinet directives and departmental regulatory standards.

Our workload in providing the Crown property clearance service has continued to increase year on year and was on the high side of our estimated range for the second year in a row.

#### Management of Crown Land

On behalf of the Crown, LINZ manages around eight percent of New Zealand's land area including providing ongoing advice and capability to enable CERA to develop interim land clearance treatment options for the residential red zone areas. This work contributes to engagement between Crown agencies and public interest matters whilst ensuring all interim options are retained prior to any future use consultation by CERA.

#### Biosecurity Programme

The Biosecurity Programme involves continued management of biosecurity services over Crown-owned land involving eight percent of New Zealand's total land area. LINZ primarily operates in the pest management sector but also participates in national surveillance and monitoring activities, and contributes to establishing national priorities and building awareness.

LINZ seeks to increase stakeholder satisfaction and collaboration with other government agencies, regional councils and landowners for more effective pest management plans to target particular plant and animal pests that constantly invade Crown-owned land such as riverbeds and lake beds.

<sup>15</sup> At the time this measure was written non-active properties were not included in the property management contract. As part of the contract negotiations with Colliers, non-active properties were added and thus the contract field, in LINZ property management system (NaPALIS), has been activated for all properties. This makes the identification of non-active properties difficult. Rather than using a percentage we will use a fixed number of properties to quantify this measure in 2014/15.

## Our financial performance

Centralised clearance service for acquisitions and disposals	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue other	-	892	1,200	958
<b>Total revenue</b>	-	<b>892</b>	<b>1,200</b>	<b>958</b>
<b>Total expenses</b>	-	<b>892</b>	<b>1,200</b>	<b>1,155</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>(197)</b>

Land disposal services for other agencies	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue other	-	743	2,743	715
<b>Total revenue</b>	-	<b>743</b>	<b>2,743</b>	<b>715</b>
<b>Total expenses</b>	-	<b>743</b>	<b>2,743</b>	<b>711</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>4</b>

The revised budget reflects the management of properties in the Ministry of Education disposal programme. However, subsequently we agreed an agency arrangement which had an impact on our accounting treatment.

LINZ Biosecurity Programme	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	-	3,648	2,808	3,176
Revenue other	-	-	280	295
<b>Total revenue</b>	-	<b>3,648</b>	<b>3,088</b>	<b>3,471</b>
<b>Total expenses</b>	-	<b>3,648</b>	<b>3,088</b>	<b>3,471</b>
<b>Net surplus/(deficit)</b>	-	-	-	-

Prior to the revised budget, LINZ gained approval to expense transfer appropriation to the 2014/15 year. However, actual spend was higher than anticipated and was funded via the Crown Land MCOA.

Management of Crown Land	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	-	16,533	15,849	15,473
Revenue other	-	6,655	3,000	93
<b>Total revenue</b>	-	<b>23,188</b>	<b>18,849</b>	<b>15,566</b>
<b>Total expenses</b>	-	<b>23,188</b>	<b>18,849</b>	<b>15,562</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>4</b>

## Location-based Information MCOA

This multi-class output appropriation contains output classes that contribute to the productive use and reuse of location information in New Zealand.

### KEY PERFORMANCE MEASURES

These measures demonstrate our performance in increasing the productive use of location information.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
<b>Administration of the New Zealand Geographic Board Ngā Pou Taunaha O Aotearoa</b>			
The official geographic naming activities of the New Zealand Geographic Board Ngā Pou Taunaha O Aotearoa.			
The percentage of place name proposals processed in accordance with legislation protocols and policy.	100%	Achieved 100%	100%
The percentage of Treaty name proposals considered within timeframes agreed with the Office of Treaty Settlements.	100%	Achieved 100%	New measure
The percentage of responses from the public on proposed non-Treaty names considered at the next scheduled Board meeting. <sup>16</sup>	100%	Achieved 100%	New measure
The rating given in the annual satisfaction survey of New Zealand Geographic Board members.	Satisfied or better	Achieved 4.6 (satisfied to extremely satisfied)	New measure
<b>Leading the New Zealand Geospatial Strategy</b>			
The delivery and ongoing support of spatial data infrastructure.			
The number of projects completed by 30 June 2014 that contribute to a spatial data infrastructure for Canterbury. <sup>17</sup>	3	Not met 0	New measure
Publish a New Zealand Geospatial Research Strategy by 30 June 2014.	Published	Not met Published by March 2015 (Change to milestone)	New measure
<b>LINZ Location-based Information Infrastructure</b>			
The collection, authorisation, maintenance and dissemination of location information.			
The percentage of electronically submitted new allocated addresses that are reviewed and submitted for updating in the database within five working days.	100%	Achieved 100%	New measure
The percentage of notified hazards that require urgent communication (as they pose a direct threat to the safe use of New Zealand waters) that are provided to Maritime New Zealand for radio communication within two working hours.	100%	Achieved 100%	100%
The percentage of charts that meet IHO standards. <sup>18</sup>	100%	Achieved 100%	100%
The availability of data from the tsunami monitoring network.	95%	Achieved 95%	95%
The percentage of notifications of urgent works on survey marks that are responded to within two working days.	100%	Not met 91%	100%

16 The 100% target for this measure includes all public responses submitted within consultation timeframes and before the close-off date for papers to be considered at the next board meeting.

17 This measure was supposed to cover a number of years as opposed to having three projects completed by 30 June 2014. LINZ has recorded a result of '0' in response to the measure.

18 The International Hydrographic Organization's standards for electronic navigational charts are S57 and for paper charts S4.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
<b>LINZ Location-based Information Infrastructure (continued)</b>			
The collection, authorisation, maintenance and dissemination of location information.			
The percentage of marks in defined survey control networks reviewed for compliance when surveyed by or for LINZ.	100%	Achieved 100%	100%
The number of surveyed or maintained contracted geodetic control marks achieved.	1,700 (range 1,500-2,000)	Achieved 2,430	1,800
The percentage of availability of GNSS data in the form of RINEX data on the PositionNZ network. <sup>19</sup>	95%	Achieved 96%	95%
The customer satisfaction rating for the reliability and accessibility of the PositionNZ network. <sup>20</sup>	Satisfied or better	Achieved 4 out of 5 (satisfied to extremely satisfied)	New measure
The percentage of cadastral surveys that are connected to geodetic marks.	98%	Achieved 98%	New measure
The percentage of LDS data (with the exception of individuals' names) that is provided through creative commons licensing to allow users to reuse the data for personal, academic or commercial purposes without restraint.	100%	Achieved 100%	100%
The percentage of LDS data that complies with relevant metadata quality standards, including the ANZLIC standards. <sup>21</sup>	100%	Achieved 100%	100%
Customer satisfaction with the ease of use and accessibility of LDS.	Satisfied or better	Achieved Satisfied (Satisfaction rate received 93%)	100%
The number of topographic data releases that LINZ undertakes each year.	Minimum of 5	Achieved 5	5

## ADDITIONAL PERFORMANCE INFORMATION

The measures for the 'Leading the New Zealand Geospatial Strategy' are indicated as 'not met'. Although the three projects (GIS interoperability, Environment Canterbury Enhanced Map viewer and the Forward Works Spatial Coordination Programme) have met or exceeded their scheduled milestones for the year (2013/14), all projects are now ongoing and scheduled for completion in 2017.

Publishing a New Zealand Geospatial Research and Development Strategy was delayed until March 2015 with the Minister's agreement. The delay was due to the time taken to recruit the skilled resource ideally suited to undertake this work. This resource started in November 2013. Since then, end-user, sector-specific workshops have been undertaken, which will form the content of the Research Strategy. This approach ensures the Research Strategy is of a high quality and has buy-in from key sectors and funding partners.

## New Zealand Geographic Board

LINZ administers place name rights through our support for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa. Our data is available free, online, and in readily reusable formats through the LINZ Data Service.

LINZ involvement in the settlement of historic Treaty of Waitangi claims includes providing expert policy and land transaction advice, managing land held for future settlements and directly negotiating with claimants around values for this land, making regulatory decisions on Treaty settlement documents, and managing changes to place names through the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa.

## New Zealand Geospatial Strategy

Through the New Zealand Geospatial Strategy (2007), LINZ is leading the development of critical components that allow people to find, share, use, and reuse location information, known more formally as a spatial data infrastructure.

<sup>19</sup> The availability of the PositionNZ network excludes the accessibility of the network through LINZ websites.

<sup>20</sup> The satisfaction rating was given by three private CORS operators in NZ. These are Global Survey, Geosystems, Synergy Positioning Systems who utilise the PositionNZ network within their service.

<sup>21</sup> LINZ uses the ANZMet Lite tool, developed to support ANZLIC's role to facilitate easy and cost-effective access to spatial data and services. The tool is used to create the metadata which ensures the metadata is compliant. The script used to monitor our compliance specifically checks for: Title, Metadata File Identifier, Author, Abstract, Topic Category, and Bounding Box (Geographic Location). In addition Date Stamp and Language are automatically created with the metadata.



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### **Survey and Title**

Landonline integrates all of New Zealand's geodetic, cadastral and title data. Land professionals can securely access the system, enabling them to conduct land transactions with efficiency and ease. To maintain the efficiency of the property rights system LINZ has been working on future-proofing the system through the Advanced Survey and Titles Services (ASaTS) programme.

### **Electronic Navigational Charts**

This work involves the conversion of all existing charting information to Electronic Navigational Charts (ENCs) and a risk assessment methodology. This has been recognised by the International Hydrographic Organization as a world leader and the standard for other jurisdictions to implement.

### **Restoration of the survey network**

LINZ provides New Zealand's positioning or geodetic infrastructure through its network of survey marks, continuously operating Global Navigation Satellite System stations, and through other systems. These are vital tools for determining physical location.

The tools gathered new data on earth movements needed for the design and repair of essential services and assessment of natural hazards in Canterbury. It is also needed for the re-establishment of property boundaries so that landowners' interests are protected.

### **Positioning Strategy**

A new positioning strategy was developed in 2013/14. This is signalling a greater emphasis by the National Geodetic Office of LINZ to focus on the development of accurate deformation models as part of our National Datum, GNSS networks, and support for the development of a Global Reference Frame.

### **Geodetic data: Global Navigation Satellite System (GNSS)**

This work is about the PositionNZ-Post Processing service which was developed and deployed onto the LINZ website. This service allows surveyors to submit GPS data observed at survey marks, and to receive accurate coordinates. This benefits surveyors in several ways – the service is initially being released to selected trial users for feedback before being publicly announced.

### **LINZ Data Service – providing quick, easy, free access to reuseable location information**

The LINZ Data Service provides free online access to core nationally significant location information datasets held by LINZ. It has a range of features to let users easily find, access and use our data. LINZ Data Service uses Creative Commons licensing and provides data in a choice of open, standards-compliant formats.

LINZ will continue to release more layers of data and make further improvements to the usability and functionality of the service. User numbers have increased over 400% in just two years growing from 2,360 at 30 June 2012 to in excess of 11,000 users as at 30 June 2014.

### **Topographic Strategy Development**

As the National Topographic Office, LINZ reviewed the current state and future user requirements to develop a 10-year vision and plan for national topographic data and mapping in New Zealand. Implementation of the 10-year vision will commence in 2014/15. A new geodetic strategy was also developed.

## Our financial performance

Administration of the New Zealand Geographic Board Ngā Pou Taunaha O Aotearoa	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	-	625	839	803
<b>Total revenue</b>	-	<b>625</b>	<b>839</b>	<b>803</b>
<b>Total expenses</b>	-	<b>625</b>	<b>839</b>	<b>803</b>
<b>Net surplus/(deficit)</b>	-	-	-	-

Leading the New Zealand Geospatial Strategy	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	-	3,271	5,376	4,580
Revenue other	-	150	150	669
<b>Total revenue</b>	-	<b>3,421</b>	<b>5,526</b>	<b>5,249</b>
<b>Total expenses</b>	-	<b>3,421</b>	<b>5,526</b>	<b>4,706</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>543</b>

LINZ Location-based Information Infrastructure	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	-	19,779	19,507	19,952
Revenue other	-	604	854	468
<b>Total revenue</b>	-	<b>20,383</b>	<b>20,361</b>	<b>20,420</b>
<b>Total expenses</b>	-	<b>20,383</b>	<b>20,361</b>	<b>19,508</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>912</b>

## Policy Advice and Related Services MCOA

The output classes in this MCOA have been grouped together to recognise the alignment between provision and implementation of policy advice and of Ministerial support-related services.

### KEY PERFORMANCE MEASURES

These measures demonstrate our performance in providing timely and high-quality services.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
<b>Ministerial Services, Appointments, Implementation and Operational Policy</b>			
The provision of services to Ministers to enable them to discharge their portfolio responsibilities, including appointments to boards, the implementation of policy decisions and development of operational policy.			
The satisfaction score (out of 10) from the Minister for Land Information on the quality of Ministerial support services provided by the Department.	6 or better	8	New measure
The percentage of draft responses to Ministerials, Parliamentary questions and OIA requests processed within agreed timeframes.	100%	100%	New measure
<b>Policy Advice</b>			
The provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to land, property and geospatial information.			
The average rating for policy papers as assessed by the external reviewer. <sup>22</sup>	60%	75%	New measure
The average satisfaction score (out of 10) from the Minister for Land Information New Zealand for the quality of LINZ policy advice.	6 or better	7	New measure
The total cost per output hour of producing policy advice.	Up to \$120 per output hour	\$116	New measure

### ADDITIONAL PERFORMANCE INFORMATION

All our policy advice and Ministerial support services were delivered within set timeframes and none required substantive changes. These measures indicate that our small policy team continued to provide our Minister with sound advice across the diverse range of activities that come under the Land Information portfolio.

LINZ has been working on three significant pieces of legislation: the Land Transfer Bill, the Public Works Act 1981 and Te Ture Whenua Māori Bill. Good progress has been made drafting the Land Transfer Bill which clarifies, consolidates and modernises the existing three land transfer pieces of legislation into one modern comprehensive piece of legislation. The Bill is on track for introduction to Parliament in 2015.

The second major piece of legislation LINZ has been involved in is developing proposals to improve the Public Works Act 1981.

The third major piece of legislation, Te Ture Whenua Māori Bill, is a significant and exciting programme of reform led by Te Puni Kōkiri for the governance and management of Māori land. LINZ is involved as LINZ is likely to be part of providing services to support the reforms.

LINZ has reviewed and provided advice on a range of land policy and land transaction matters for other agencies, including:

- working with the Ministry of Culture and Heritage on the future of Watts Peninsula in Wellington;
- contributing to the review of Te Ture Whenua Māori Act 1993;
- working with the Office of Treaty Settlements on various Treaty settlements; and
- advising on, and undertaking investigations into, the existence or otherwise of 'legal roads'.

<sup>22</sup> LINZ was assessed by the New Zealand Institute of Economic Research (NZIER), a specialist consulting firm that uses applied economic research and analysis to provide a wide range of strategic advice. NZIER is also known for its long-established Quarterly Survey of Business Opinion and Quarterly Predictions. The sample of LINZ policy papers indicates 'a policy shop with its house in order and a good awareness of the Minister's needs'. The rating for policy papers assessed is 7.5 (75%).

## Our financial performance

Ministerial Services, Appointments, Implementation and Operational Policy	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	359	601	897	795
<b>Total revenue</b>	<b>359</b>	<b>601</b>	<b>897</b>	<b>795</b>
<b>Total expenses</b>	<b>359</b>	<b>601</b>	<b>897</b>	<b>795</b>
Net surplus/(deficit)	-	-	-	-

Policy Advice	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue Crown	2,525	1,847	1,885	1,960
<b>Total revenue</b>	<b>2,525</b>	<b>1,847</b>	<b>1,885</b>	<b>1,960</b>
<b>Total expenses</b>	<b>2,525</b>	<b>1,847</b>	<b>1,885</b>	<b>1,960</b>
Net surplus/(deficit)	-	-	-	-

## Property Rights MCOA

This multi-class output appropriation contains output classes that contribute to maintaining the integrity of the New Zealand property rights system.

### KEY PERFORMANCE MEASURES

These measures demonstrate our performance in providing timely and high-quality services for regulation valuation and the Survey and Title system.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
<b>Regulation Valuation</b>			
The certification of rating revaluations and the administration of the Valuers Registration Board.			
<b>Regulation of Valuers</b>			
Annual practising certificates for Registered Valuers are issued within 20 working days of receipt of payment.	90%	97%	New measure
Public complaints to the Valuer General are screened and initial investigation reports are produced within 9 months of receipt.	80%	90%	New measure
The overall satisfaction score for support provided by LINZ to the Valuers Registration Board.	3 out of 5 or better	4.3	New measure
The percentage of applications for registration as a Valuer that meet the statutory requirements that will be examined at the next available date.	100%	100%	New measure
<b>Certification of revaluation</b>			
The percentage of certification decisions that meet regulatory and statutory standards.	100%	100%	New measure
<b>The Survey and Title system</b>			
The provision of the system for providing information, transacting and recording land property rights including establishing standards.			
The number of working days to process 90% of cadastral survey datasets.	10 working days	Not met 15.4 working days	New measure
The number of working days to process 95% of all title transactions.	10 working days	Not met 12 working days	New measure
The number of working days to satisfy 90% of customer requests for survey and titles records. <sup>23</sup>	10 working days	Achieved 3 working days	New measure
The number of working days to make 90% of survey and titles records available to customers.	2 working days	Not met 3 working days	New measure
The number of working days taken to adjust 90% of datasets into the cadastral survey network following approval.	20 working days	Not met 35.75 days	New measure
The number of working days taken to adjust 98% of datasets into the cadastral survey network following approval.	60 working days	Average 49 working days	New measure
The percentage of survey transactions requiring correction. <sup>24</sup>	2% or less	0.42%	0.08%
The percentage of title transactions requiring correction. <sup>25</sup>	0.2% or less	0.11%	0.08%
The percentage of satisfied survey and title customers for the quality of customer service they receive.	75%	87%	89%
The percentage of Landonline system availability to customers between 7am and 9pm on Monday-Thursday, 7am to 7pm on Friday, and 9am to 5pm on Saturday.	99.5%	99.9%	100%

<sup>23</sup> This measure was entered incorrectly and should not have appeared in the Performance Information for Appropriations for Vote Lands 2013/14. The correct wording and measure is directly below (*The number of working days to make 90% of survey and title records available to customers*).

<sup>24</sup> The percentage of corrections is related to LINZ errors only.

<sup>25</sup> The percentage of corrections is related to LINZ errors only.

## ADDITIONAL PERFORMANCE INFORMATION

The Survey and Title system did not meet four of its measures due to a short period (November/December 2013) when processing times were extended out due to high lodgement volumes. The standards were met for five months in 2013/14, but remained narrowly outside for the combined year-to-date performance. A new process has been implemented as a result of the Lean Six Sigma project which is currently bedding in and will produce improved results.

The number of working days to adjust survey datasets into the cadastral survey network (CMN) accumulated when survey transaction processing times were under pressure during the first half of the financial year. As the survey processing performance improved, LINZ concurrently managed a reduction in this CMN backlog down to expected levels.

Regulating Valuation – there are 67 territorial authorities that LINZ certifies revaluations for, approximately a third of these are revalued per year.

Survey and Title – LINZ received 9,171 cadastral survey datasets and 597,252 titles instruments for registration.

LINZ undertook 102,055 survey searches and approximately 3.006 million title searches.

### Regulation Valuation

LINZ is undertaking a first principles policy review of the Valuers Act 1948 to ensure it is consistent with current occupational regulation best practice principles. The Review will inform legislation to modernise the Valuers Act and make it consistent with best practice in occupational regulation.

LINZ maintains the functions of the Valuers Registration Board as an independent statutory body that operates under the Valuers Act 1948, and maintains controls of the registration, conduct, and discipline of registered valuers.

## Our financial performance

Regulation Valuation	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue other	-	2,518	2,518	1,419
<b>Total revenue</b>	-	<b>2,518</b>	<b>2,518</b>	<b>1,419</b>
<b>Total expenses</b>	-	<b>2,518</b>	<b>2,518</b>	<b>1,384</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>35</b>

The Survey and Title system	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Revenue other	-	69,362	69,362	65,604
<b>Total revenue</b>	-	<b>69,362</b>	<b>69,362</b>	<b>65,604</b>
<b>Total expenses</b>	-	<b>69,362</b>	<b>69,362</b>	<b>47,878</b>
<b>Net surplus/(deficit)</b>	-	-	-	<b>17,726</b>

## Contaminated Sites – Non-Departmental Output Expense

The analysis, investigation and, where necessary, appropriate remedial action on contaminated sites for which the Crown has accepted responsibility.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
Contracts for investigation, analysis and remediation action are let by competitive tender.	100%	100%	100%
Monitoring reports are provided to the relevant regional councils.	100%	100%	100%
All changes in results of conditions on sites being monitored are investigated.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
<b>Total expenses</b>	<b>83</b>	<b>500</b>	<b>152</b>	<b>89</b>

## Crown Forest Management – Non-Departmental Other

The management of Crown forest properties and licences, including settling reviews, interest liability and GST on refunded fees.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
All specifications and timeframes set out in Part 2 of the Crown Forest Licence Management Agreement are met.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
<b>Total expenses</b>	<b>186</b>	<b>500</b>	<b>211</b>	<b>60</b>



## Crown Rates – Non-Departmental Other

The payment of rates on Crown land and surplus government properties administered by the Department on behalf of the Crown.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
All Crown rates on land administered by the Department are paid on time.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
<b>Total expenses</b>	<b>1,003</b>	<b>1,157</b>	<b>1,157</b>	<b>1,085</b>

## Land Liabilities – Non-Departmental Other

The investigation and resolution, including legal costs and settlement, of land-related liabilities administered by the Department.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
The requirements of the LINZ "Operating Framework for the investigation and management of land-related Crown Liabilities" are met.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
<b>Total expenses</b>	<b>325</b>	<b>843</b>	<b>3,257</b>	<b>3,232</b>

## Residual Crown Leasehold Rents – Non-Departmental Other

The leasehold liabilities paid on residual surplus government accommodation administered by the Department on behalf of the Crown.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
Payments of rent are actioned in accordance with the timeframes and terms of the lease.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
<b>Total expenses</b>	<b>878</b>	<b>543</b>	<b>700</b>	<b>685</b>

## Soil Conservation Reserve Management – Non-Departmental Other

This appropriation is limited to expenses incurred in the management of soil conservation reserves in accordance with the Soil Conservation and Rivers Control Act 1941.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
Hawke's Bay Regional Council is able to perform required financial tasks as per the Soil Conservation and Rivers Control Act 1941 with minimal disruption, and LINZ responds to Hawke's Bay Regional Council requests in a timely manner.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
<b>Total expenses</b>	<b>92</b>	<b>500</b>	<b>250</b>	<b>186</b>

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## Soil Conservation Reserve Management – Non-Departmental Capital Expenditure

This appropriation is limited to expenses incurred in the management of soil conservation reserves in accordance with the Soil Conservation and Rivers Control Act 1941.

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Total expenses	-	-	250	96

## Crown Acquisitions – Huntly East – Non-Departmental Capital Expenditure

Acquisition of properties falling within Cabinet's approved policy area for Huntly East subsidence zone.

Performance measure	Standard	Actual performance this year (2013/14)	Performance last year (2012/13)
All acquisitions are undertaken in accordance with the Government's Huntly East Subsidence Policy.	100%	100%	100%

### Our financial performance

	Actual 2013 \$000	Budget \$000	Revised Budget \$000	Actual 2014 \$000
Total expenses	357	500	500	490

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## Financial statements

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## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Income</b>						
Revenue Crown	3	43,932	48,489	49,232	48,810	46,345
Revenue other	3	70,551	83,457	80,156	73,594	80,156
<b>Total income</b>		<b>114,483</b>	<b>131,946</b>	<b>129,388</b>	<b>122,404</b>	<b>126,501</b>
<b>Expenditure</b>						
Personnel costs	4	38,792	43,171	43,035	42,455	43,035
Depreciation and amortisation	9, 10	3,698	5,975	3,423	3,391	3,440
Capital charge	5	5,006	5,056	3,702	3,702	3,702
Restructuring costs		(552)	101	550	235	200
Other operating expenses	6	47,904	60,724	57,667	52,868	55,572
<b>Total expenditure</b>		<b>94,848</b>	<b>115,027</b>	<b>108,377</b>	<b>102,651</b>	<b>105,949</b>
<b>Net surplus/(deficit) and total comprehensive income</b>		<b>19,635</b>	<b>16,919</b>	<b>21,011</b>	<b>19,753</b>	<b>20,552</b>

Explanations of significant variances against budget are detailed in note 23.

\* The statement of accounting policies provides explanations of these figures which are not subject to audit

The accompanying policies and notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		9,396	7,049	9,979	10,964	8,180
Trade and other receivables	7	8,122	25,440	24,158	24,476	46,310
Prepayments		1,255	420	1,255	995	1,255
Inventory	8	520	674	520	300	520
<b>Total current assets</b>		<b>19,293</b>	<b>33,583</b>	<b>35,912</b>	<b>36,735</b>	<b>56,265</b>
<b>Non-current assets</b>						
Intangibles – software	10	34,104	27,534	34,202	31,611	33,572
Capital work in progress	11	449	3,120	121	2,776	121
<b>Total intangibles – software</b>		<b>34,553</b>	<b>30,654</b>	<b>34,323</b>	<b>34,387</b>	<b>33,693</b>
Property, plant and equipment	9	3,793	3,330	3,179	3,433	2,565
<b>Total non-current assets</b>		<b>38,346</b>	<b>33,984</b>	<b>37,502</b>	<b>37,820</b>	<b>36,258</b>
<b>Total assets</b>		<b>57,639</b>	<b>67,567</b>	<b>73,414</b>	<b>74,555</b>	<b>92,523</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	12	9,707	7,043	7,219	8,156	7,219
Provisions	13	170	983	170	-	170
Employee entitlements	14	3,496	3,378	3,365	4,476	3,365
Deferred revenue		364	-	364	1,387	364
<b>Total current liabilities</b>		<b>13,737</b>	<b>11,404</b>	<b>11,118</b>	<b>14,019</b>	<b>11,118</b>
<b>Non-current liabilities</b>						
Employee entitlements	14	2,728	2,608	2,859	2,358	2,859
<b>Total non-current liabilities</b>		<b>2,728</b>	<b>2,608</b>	<b>2,859</b>	<b>2,358</b>	<b>2,859</b>
<b>Total liabilities</b>		<b>16,465</b>	<b>14,012</b>	<b>13,977</b>	<b>16,377</b>	<b>13,977</b>
<b>Net assets</b>		<b>41,174</b>	<b>53,555</b>	<b>59,437</b>	<b>58,178</b>	<b>78,546</b>
<b>Taxpayers' funds</b>						
General funds	15	48,030	53,555	59,437	46,781	78,546
Memorandum accounts	15, 22	(6,856)	-	-	11,397	-
<b>Total taxpayers' funds</b>		<b>41,174</b>	<b>53,555</b>	<b>59,437</b>	<b>58,178</b>	<b>78,546</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit

The accompanying policies and notes form part of these financial statements.



## STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For the year ended 30 June 2014

	Note	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
Balance as at 1 July		41,540	42,436	41,174	41,174	57,637
Total comprehensive income/(expense)		19,635	16,919	21,011	19,753	20,552
Capital injections		-	-	1,162	1,162	357
Capital repayment		(20,000)	(5,800)	(3,910)	(3,910)	-
Other movements		(1)	-	-	(1)	-
<b>Balance as at 30 June</b>	<b>15</b>	<b>41,174</b>	<b>53,555</b>	<b>59,437</b>	<b>58,178</b>	<b>78,546</b>

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Cash flows from operating activities</b>						
Receipts from Crown		43,912	34,539	30,708	30,769	24,193
Receipts from other Departments		1,404	1,042	6,393	1,695	12,275
Receipts from revenue other		69,994	82,401	73,763	71,851	67,881
Payments to operating suppliers		(46,422)	(58,532)	(49,615)	(50,673)	(49,391)
Payments to employees		(39,769)	(45,450)	(51,637)	(42,481)	(49,416)
Payments for capital charge		(5,006)	(5,056)	(3,702)	(3,702)	(3,702)
Goods and services tax (net)		(70)	-	-	(216)	-
<b>Net cash flows from operating activities</b>	<b>16</b>	<b>24,043</b>	<b>8,944</b>	<b>5,910</b>	<b>7,243</b>	<b>1,840</b>
<b>Cash flows from investing activities</b>						
Receipts from sale of property, plant and equipment		-	-	17	17	-
Purchase of property, plant and equipment		(3)	-	-	(276)	-
Purchase of intangible assets		(493)	(2,050)	(2,924)	(2,668)	(2,196)
<b>Net cash flows from investing activities</b>		<b>(496)</b>	<b>(2,050)</b>	<b>(2,907)</b>	<b>(2,927)</b>	<b>(2,196)</b>
<b>Cash flows from financing activities</b>						
Capital contribution		-	-	1,162	1,162	357
Capital repayment		(20,000)	(5,800)	(3,582)	(3,910)	-
<b>Net cash flows from financing activities</b>		<b>(20,000)</b>	<b>(5,800)</b>	<b>(2,420)</b>	<b>(2,748)</b>	<b>357</b>
Net increase/(decrease) in cash and cash equivalents		3,547	1,094	583	1,568	1
Cash and cash equivalents at the beginning of the year		5,849	5,955	9,396	9,396	8,179
<b>Cash at end of year</b>		<b>9,396</b>	<b>7,049</b>	<b>9,979</b>	<b>10,964</b>	<b>8,180</b>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

The accompanying policies and notes form part of these financial statements.

## STATEMENT OF COMMITMENTS

As at 30 June 2014

### Non-cancellable operating lease commitments

LINZ has long-term leases on its premises throughout New Zealand. The annual lease payments are subject to regular reviews. The amounts disclosed below as future commitments are based on current rental rates. Operating lease commitments include lease payments for premises, office equipment and motor vehicles.

LINZ's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. The Department leases a number of building premises and office equipment under operating leases.

The leases typically run for a period of three years for office equipment and 9-12 years for buildings, with an option to renew the lease after that date. In the case of leased buildings, lease payments are increased on renewal to reflect market rentals. None of the leases include contingent rentals.

During the year ended 30 June 2014, \$2.768 million was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2013: \$2.8 million). \$nil was recognised as income in the Statement of Comprehensive Income in respect of sub-leases (2013: \$0.011 million).

	Actual 2013 \$000	Actual 2014 \$000
<b>Non-cancellable operating lease commitments</b>		
Not later than 1 year	2,770	2,770
Later than 1 year and not later than 5 years	11,081	11,081
Later than 5 years	6,931	4,558
<b>Total non-cancellable operating lease commitments</b>	<b>20,782</b>	<b>18,409</b>

## STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2014

### Quantifiable contingent liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

	Actual 2013 \$000	Actual 2014 \$000
Legal proceedings and disputes	400	-
<b>Total contingent liabilities</b>	<b>400</b>	<b>-</b>

### Legal proceedings and disputes

Legal proceedings and disputes represents the amounts claimed by plaintiffs in relation to the performance of the Department's statutory role. There is an inherent uncertainty as to the amount and timing of settlement, if any, the Department would ultimately be required to make.

### Contingent assets

The Department has no contingent assets (2013: nil).

The accompanying policies and notes form part of these financial statements.

## STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For the year ended 30 June 2014

	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Appropriations for output expenses</b>					
Standards and Quality Assurance	6,407	-	-	-	-
Land and Seabed Data Capture and Processing	46,167	-	-	-	-
Land and Seabed Information Storage and Management	13,028	-	-	-	-
Land and Seabed Information Access and Dissemination	1,867	-	-	-	-
Crown Property Management and Disposal Services	17,766	-	-	-	-
Administration of the New Zealand Geographic Board	1,392	-	-	-	-
Location-based information for the rebuild of Canterbury	203	-	-	-	-
Land Disposal Services	28	-	-	-	-
Administering Ocean Survey 20/20	2,161	2,185	2,071	2,071	-
Administration of the Overseas Investment Office Regime	2,945	2,955	2,955	2,647	2,955
Policy Advice	2,525	1,847	1,885	1,960	1,707
Ministerial Services, Appointments, Implementation and Operational Policy	359	601	897	795	927
Management of Crown Land	-	23,188	18,849	15,562	26,456
LINZ Biosecurity Programme	-	3,648	3,088	3,471	3,228
Centralised clearance service acquisitions & disposals	-	892	1,200	1,155	1,200
Land disposal services for other agencies	-	743	2,743	711	2,700
LINZ Location Based Information Infrastructure	-	20,383	20,361	19,508	20,369
Administration of the NZ Geographic Board	-	625	839	803	625
Leading the NZ Geospatial Strategy	-	3,421	5,526	4,706	3,642
The Survey and Title System	-	69,362	69,362	47,878	70,089
Regulating Valuation	-	2,518	2,518	1,384	2,518
<b>Total appropriations for output expenses</b>	<b>94,848</b>	<b>132,368</b>	<b>132,294</b>	<b>102,651</b>	<b>136,416</b>
<b>Appropriations for capital expenditure</b>					
Capital expenditure – Permanent Legislative Authority	870	2,050	2,924	2,944	2,196
<b>Total appropriations for capital expenditure</b>	<b>870</b>	<b>2,050</b>	<b>2,924</b>	<b>2,944</b>	<b>2,196</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

The Department realigned its output expenses effective 1 July 2014 creating new output classes. The old outputs have been moved into the new output classes.

## STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

For the year ended 30 June 2014

Expenses and capital expenditure approved under section 26B of the Public Finance Act 1989

Nil.

Expenses and capital expenditure incurred in excess of appropriation

Nil.

Expenses and capital expenditure incurred without appropriation or other authority, or outside scope of appropriation

Nil.

Breaches of projected net asset schedules

Nil.

The accompanying policies and notes form part of these financial statements.

# NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

Land Information New Zealand (LINZ or the Department) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

The Department reports on the Crown activities and Trust monies it administers.

The primary objective of LINZ is to provide services such as transaction, information and land management to the public. Accordingly, we are designated as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

These financial statements of LINZ are for the year ended 30 June 2014. The financial statements were authorised for issue by the Chief Executive on 30 September 2014.

### Basis of preparation

The financial statements of LINZ have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest one thousand dollars (\$000) unless otherwise stated. The functional currency of LINZ is New Zealand dollars.

### Standards, and interpretations issued and not yet adopted

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Department is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards. These standards have been developed by the XRB based on current International Public Sector Accounting Standards (IPSAS). The adoption date of these new standards for public sector entities is 1 July 2014. This means the Department will transition to the new standards in preparing its 30 June 2015 financial statements. Based on initial review of the standards, we do not expect that the adoption of IPSAS will materially affect the Department.

### Accounting policies

The following accounting policies, which materially affect the measurement of financial results, financial position, and output statements within the Statement of Service Performance, have been applied.

### Budget and forecast figures

The budget figures are those included in the Information Supporting the Estimates of Appropriations (Budget) for the year ended 30 June 2014 and the Information Supporting the Supplementary Estimates of Appropriations (Revised Budget) for the year ending 30 June 2014 (the Budget is 2013 Budget Economic and Fiscal Update (BEFU 2013) out-year 1 figures and the Revised Budget is SUPPS 2014 out-year 0 figures).

The forecast figures are those included in the Information Supporting the Estimates of Appropriations (Forecast) for the year ended 30 June 2015 (the forecast is 2014 Budget and Economic and Fiscal Update (BEFU 2014) out-year 1 figures).

The budget and forecast figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Forecast information has been included for the following financial year for the first time. From this year, the Public Financial Amendment Act 2013 requires this.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the supply of outputs to the Crown, or from third parties, is recognised when earned

### Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

### Operating leases

The Department leases office premises, office equipment and motor vehicles. As all the risks and benefits of ownership are substantially retained by the lessor, these leases are classified as operating leases.

Payments made under operating leases are charged as a period expense, in equal instalments over accounting periods covered by the lease term, except in those circumstances where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

### Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through the profit or loss, in which case the transaction costs are recognised in the Statement of Comprehensive Income.

### Cash and cash equivalents

Cash includes cash on hand and funds in current accounts on deposit with banks.

## Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Impairment losses are recognised in the Statement of Comprehensive Income.

## Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

## Inventories

Inventory held for distribution or use in the provision of services that are not supplied on a commercial basis are measured at cost (calculated using the weighted average method), adjusted, when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventory held for sale or use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average cost method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

## Property, plant and equipment

Property, plant and equipment consists of leasehold improvements, furniture and office equipment, computer hardware, and motor vehicles. Property, plant and equipment is shown at cost less accumulated depreciation and impairment losses. Individual assets, or groups of assets, are capitalised if their cost is greater than \$3,000. The value of an individual asset that is less than \$3,000, and is part of a group of assets, may be capitalised.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

## Depreciation

Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than work in progress, at rates that will write down the cost of the asset to its estimated residual values over its useful life.

The estimated useful lives of major classes of assets are as follows:

Type of asset	Estimated life
Leasehold property improvements	Over term of lease
Motor vehicles	5 to 7 years
Computer hardware	2 to 20 years
Plant and equipment	3 to 11 years
Furniture and fittings	4 to 11 years

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

## Intangible assets

### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Department are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

### Capital work in progress

The value of work in progress is the total of direct costs incurred that are attributed to incomplete capital projects.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

The useful lives of intangible assets have been estimated at between 3 and 20 years.

## Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income.

### Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### Employee entitlements

#### *Short-term employee entitlements*

Employee entitlements that the Department expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Department recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Department anticipates it will be used by staff to cover those future absences.

The Department recognises a liability and an expense for pay for performance where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

#### *Long-term employee entitlements*

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows.

The discount rate is based on rates supplied by the Treasury. The inflation factor is based on the expected long-term increase in remuneration for employees.

	2013	2014
Long-term discount rate	5.50%	5.50%
Salary inflation rate	3.50%	3.50%

### *Presentation of employee entitlements*

Sick leave, annual leave, vested and non-vested long service leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Superannuation schemes

#### *Defined contribution schemes*

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Funds are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Income as incurred.

### Provisions

A provision is recognised when the Department has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

### Taxpayers' funds

Taxpayers' funds are the Crown's investment in the Department and is measured as the difference between total assets and liabilities.

### Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on, or before, balance date are disclosed as commitments to the extent there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

### Income tax

Government departments are exempt from income tax. Accordingly, no charge for income tax has been provided for.

### Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.



The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Statement of cost accounting policies

The Department has determined the cost of outputs using the cost allocation system outlined below.

- Costs that are directly related to an output are coded directly to that output.
- Costs that are not directly related to a single output fall into two categories.
  - 1) Overhead costs, which cannot be directly attributed to the production of outputs, are allocated to Direct Cost Producing Cost Centres (DCPCC).
  - 2) Costs incurred by DCPCC that partially relate to the production of outputs, but are not sufficiently direct to code directly.

Cost drivers such as number of Full Time Equivalent (FTE) staff time spent on the production of outputs and floor usage were used when allocating costs in both of the above instances.

The Department revised its cost allocation calculations during the 2012/13 financial year.

### Critical accounting estimates and assumptions

In preparing these financial statements the Department has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Retirement, sick and long-service leave*

Note 14 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement, sick and long-service leave liabilities. Assumptions made include discount rates, salary inflation, final retirement age and employee numbers.

#### *Severance provision*

Note 13 includes LINZ's estimated liability for severance payments to employees. Assumptions have been made on the timing of departure of employees, average payment to employees and variation in staff numbers.

### *Intangible assets, and property, plant and equipment useful lives and residual values*

At each balance date, the Department reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Department to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Department, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Comprehensive Income, and the carrying amount of the asset in the Statement of Financial Position. The Department minimises the risk of this estimation uncertainty by:

- physical inspection of property, plant and equipment
- asset replacement programmes
- review of future business plans
- technological changes, and
- performance against operating budget.

The Department reassessed the useful life of the conversion costs capitalised as a component of Landonline. These components were given a useful life of 20 years on recognition. We have reviewed and determined that these components have an indefinite useful life, and as such we have updated our accounting estimates to reflect this.

The effect on the 2012/13 year was a write back of that year's depreciation amounting to \$2 million. In future years \$2.1 million of depreciation in relation to the components will not be utilised. The treatment of the components will be reviewed annually to assess whether the indefinite useful life assumption remains appropriate.

### Changes in accounting policies

There have been no changes in accounting policies during the financial year.



## 2. BUDGET COMPOSITION

	Budget 2014 \$000	Budget Changes 2014 \$000	Revised Budget 2014 \$000
<b>Income</b>			
Revenue Crown	48,489	743	49,232
Revenue other	83,457	(3,301)	80,156
<b>Total income</b>	<b>131,946</b>	<b>(2,558)</b>	<b>129,388</b>
<b>Expenditure</b>			
Depreciation and amortisation	5,975	(2,552)	3,423
Capital charge	5,056	(1,354)	3,702
Other operating expenses	103,996	(2,744)	101,252
<b>Total expenditure</b>	<b>115,027</b>	<b>(6,650)</b>	<b>108,377</b>
<b>Net surplus/(deficit)</b>	<b>16,919</b>	<b>4,092</b>	<b>21,011</b>

Explanations of major changes in the revised budget:

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

### Capital charge

Capital charge was decreased in the revised budget due to the Department paying prior capital injection earlier than originally planned, resulting in less capital charge being incurred.

### Depreciation and amortisation

Depreciation and amortisation were decreased in the revised budget primarily due to the reassessment of the useful life of the conversion costs for Landonline. These were reassessed as indefinite life assets, and have not been amortised.

### 3. REVENUE

	Actual 2013 \$000	Actual 2014 \$000
<b>Crown revenue</b>		
Crown – Standards and Quality Assurance	1,155	–
Crown – Land and Seabed Data Capture and Processing	18,363	–
Crown – Land and Seabed Information Storage and Management	–	–
Crown – Land and Seabed Information Access and Dissemination	926	–
Crown – Property Management and Disposal Services	16,848	–
Crown – Location based information for the rebuild of Canterbury	203	–
Crown – Administration of New Zealand Geographic Board	1,392	–
Crown – Policy Advice	2,525	1,960
Crown – Ministerial Services, Appointment, Implementation and Operational Policy	359	795
Crown – Ocean Survey 20/20 programme	2,161	2,071
Crown – Management of Crown Land	–	15,473
Crown – LINZ Biosecurity Programme	–	3,176
Crown – LINZ Location Based Information Infrastructure	–	19,952
Crown – Administration of the NZ Geographic Board	–	803
Crown – Leading the NZ Geospatial Strategy	–	4,580
<b>Total Crown revenue</b>	<b>43,932</b>	<b>48,810</b>
<b>Other revenue</b>		
Crown property clearances fees	1,092	954
Electoral support services	2	7
Licence and sign-up fees	717	752
Miscellaneous	1,004	1,095
Overseas Investment Office applications	2,315	3,373
Rating valuation audit charge	1,767	2,593
Search fees	13,907	14,192
Sub-leased revenue	11	–
Survey fees	6,376	6,380
Titles fees	43,360	44,248
<b>Total other revenue</b>	<b>70,551</b>	<b>73,594</b>

Movements in Crown revenue between 2013 and 2014 are the result of an appropriation restructure based on amendments to the Public Finance Act undertaken in 2013.

### 4. PERSONNEL COSTS

	Actual 2013 \$000	Actual 2014 \$000
Salaries and wages	36,530	39,475
Contract employees	338	994
ACC levies	186	198
Contributions to defined contribution plans	1,260	1,489
Increase/(decrease) in employee entitlements	478	299
<b>Total personnel costs</b>	<b>38,792</b>	<b>42,455</b>

## 5. CAPITAL CHARGE

The Department pays a capital charge to the Crown based on its taxpayers' funds excluding memorandum accounts as at 30 June of the previous financial year and 31 December of the current financial year. The capital charge rate for the year ended 30 June 2014 was 8.0% (2013: 8.0%). Changes to taxpayers' funds are mainly affected by capital

contributions required for specific outputs and movements in the memorandum accounts. Where the capital charge can be directly attributed to an output, that amount is charged to that output. The remainder is allocated based on the percentage of net property, plant and equipment attributed to outputs, as a proxy for allocating capital charge.

## 6. OTHER OPERATING EXPENSES

	Actual 2013 \$000	Actual 2014 \$000
Fees to Ernst & Young:		
• Audit fees for the financial statement audit	212	246
• Consultancy fees	12	-
Leasing and renting costs	2,799	2,769
Other operating costs	6,059	6,524
Net loss on disposal of property, plant and equipment	570	63
Provision for doubtful debts	(2)	(43)
Professional services	9,068	10,910
Contracts for topography/hydrography	8,303	8,619
Computer operating costs	11,444	12,336
Crown property services	9,439	11,444
<b>Total other operating expenses</b>	<b>47,904</b>	<b>52,868</b>

## 7. TRADE AND OTHER RECEIVABLES

	Actual 2013 \$000	Actual 2014 \$000
Debtors to non-related parties	8,175	8,936
Less: provision for doubtful debts	(53)	(10)
Net debtors	8,122	8,926
Monies receivable from the Crown	-	15,550
<b>Total trade and other receivables</b>	<b>8,122</b>	<b>24,476</b>

All debtors are non-interest bearing and are normally settled on the 20th of the month following the date of invoice unless specific legislative terms apply; therefore, the carrying value of trade and other receivables approximates their fair value due to their short-term nature.

Those specific debtors that are insolvent are fully provided for. As at 30 June 2014, the Department has identified no debtors (2013: nil) that are insolvent.

The Department has no significant exposure to credit risk, as it has a policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Risk limits are set for each individual customer; these risk limits are regularly monitored. In addition, receivable balances are monitored on an ongoing basis, with the result that the Department's exposure to bad debts is not significant.

All overdue receivables have been assessed for impairment and appropriate provisions applied, as follows:

	Actual 2013 \$000	Actual 2014 \$000
Balance as at 1 July	55	53
Additional provisions made during the year (see note 6)	(2)	(43)
<b>Balance as at 30 June</b>	<b>53</b>	<b>10</b>

As at 30 June 2014 and 2013, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2013			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	6,178	–	6,178	7,430	–	7,430
Past due 1-30 days	1,371	–	1,371	1,144	–	1,144
Past due 31-60 days	189	–	189	184	–	184
Past due 61-90 days	437	(53)	384	178	(10)	168
<b>Total</b>	<b>8,175</b>	<b>(53)</b>	<b>8,122</b>	<b>8,936</b>	<b>(10)</b>	<b>8,926</b>

## 8. INVENTORY

	Actual 2013 \$000	Actual 2014 \$000
Stock held for sale	520	300
Work in progress	–	–
<b>Total inventory</b>	<b>520</b>	<b>300</b>

The amount of inventory held for distribution carried at current replacement costs as at 30 June 2014 is nil (2013: nil).

The write-down of inventory held for distribution amounted to \$190,000 (2013: \$6,000). There have been no reversals of write-downs (2013: nil).

The loss of service potential of inventory held for distribution is determined on the basis of obsolescence.

No inventory has been pledged as security for liabilities (2013: nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$000	Motor vehicles \$000	Computer hardware \$000	Plant and equipment \$000	Furniture and fittings \$000	Total \$000
<b>Cost</b>						
Balance as at 1 July 2012	4,138	35	2,374	129	586	7,262
Additions	-	-	-	3	-	3
Disposals	-	-	(1,229)	-	-	(1,229)
<b>Balance as at 30 June 2013</b>	<b>4,138</b>	<b>35</b>	<b>1,145</b>	<b>132</b>	<b>586</b>	<b>6,036</b>
Balance as at 1 July 2013	4,138	35	1,145	132	586	6,036
Additions	-	-	-	276	-	276
Disposals	-	(35)	(275)	(20)	(1)	(331)
<b>Balance as at 30 June 2014</b>	<b>4,138</b>	<b>-</b>	<b>870</b>	<b>388</b>	<b>585</b>	<b>5,981</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2012	295	35	2,174	129	289	2,922
Depreciation charge for the year	452	-	63	1	34	550
Eliminate on disposal	-	-	(1,229)	-	-	(1,229)
<b>Balance as at 30 June 2013</b>	<b>747</b>	<b>35</b>	<b>1,008</b>	<b>130</b>	<b>323</b>	<b>2,243</b>
Balance as at 1 July 2013	747	35	1,008	130	323	2,243
Depreciation charge for the year	522	-	47	17	34	620
Eliminate on disposal	-	(35)	(259)	(21)	-	(315)
<b>Balance as at 30 June 2014</b>	<b>1,269</b>	<b>-</b>	<b>796</b>	<b>126</b>	<b>357</b>	<b>2,548</b>
<b>Carrying amounts</b>						
As at 1 July 2012	3,843	-	200	-	297	4,340
As at 30 June 2013 and 1 July 2013	3,391	-	137	2	263	3,793
<b>As at 30 June 2014</b>	<b>2,869</b>	<b>-</b>	<b>74</b>	<b>262</b>	<b>228</b>	<b>3,433</b>

### Impairment

There has been no impairment to property, plant and equipment during the financial year (2013: nil).

## 10. INTANGIBLES – ACQUIRED SOFTWARE ASSETS

	Actual 2013 \$000	Actual 2014 \$000
<b>Cost</b>		
Balance as at 1 July	82,472	80,327
Additions	3,538	341
Disposals	(5,683)	(559)
<b>Balance as at 30 June 2013</b>	<b>80,327</b>	<b>80,109</b>
<b>Amortisation and impairment losses</b>		
Balance as at 1 July	47,813	46,223
Amortisation expense	3,148	2,771
Eliminate on disposal	(4,738)	(496)
<b>Balance as at 30 June 2014</b>	<b>46,223</b>	<b>48,498</b>
<b>Total acquired software</b>	<b>34,104</b>	<b>31,611</b>
<b>Carrying amounts</b>		
As at 1 July 2012		34,659
As at 30 June 2013 and 1 July 2013		34,104
<b>As at 30 June 2014</b>		<b>31,611</b>

## Databases

The Department has two land information databases to which no value has been attached: the digital topographical database and the geodetic database.

Details of material intangible assets are as follows:

	Carrying amount 2013 \$000	Remaining amortisation period	Carrying amount 2014 \$000	Remaining amortisation period
Landonline	28,400	Between 1 and 14 years*	26,684	Between 1 and 10 years*

\* Landonline is made up of multiple components, therefore the remaining useful lives of the components are varied.

\* Conversion cost components have an indefinite useful life.

## 11. CAPITAL WORK IN PROGRESS

	Actual 2013 \$000	Actual 2014 \$000
Balance as at 1 July	3,120	449
Additions	871	3,175
Work in progress capitalised to property, plant and equipment	(3,542)	(520)
Transfers/disposals	-	(328)
<b>Balance as at 30 June</b>	<b>449</b>	<b>2,776</b>

The value of work in progress is the total of direct costs incurred that are attributed to incomplete capital projects.

## 12. TRADE AND OTHER PAYABLES

	Actual 2013 \$000	Actual 2014 \$000
Creditors and accrued expenses	5,588	6,957
ACC levy payable	276	354
GST, FBT and PAYE payable	1,353	845
Creditor Crown	2,490	-
<b>Total trade and other payables</b>	<b>9,707</b>	<b>8,156</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 13. PROVISIONS

	Actual 2013 \$000	Actual 2014 \$000
Severance/restructure provision	170	-
<b>Total provisions</b>	<b>170</b>	<b>-</b>

	Severance provision \$000
<b>2013</b>	
<b>Balance as at 1 July 2012</b>	983
Additional provisions made during the year	102
Charge against provision for the year	(278)
Unused amounts reversed during the year	(637)
<b>Balance as at 30 June 2013</b>	<b>170</b>
<b>2014</b>	
<b>Balance as at 1 July 2013</b>	170
Additional provisions made during the year	-
Charge against provision for the year	(170)
Unused amounts reversed during the year	-
<b>Balance as at 30 June 2014</b>	<b>-</b>

### Severance provision

The provision for severance payments represented LINZ's requirement to pay redundancy packages to those employees affected by the restructuring within the Department.

## 14. EMPLOYEE ENTITLEMENTS

	Actual 2013 \$000	Actual 2014 \$000
<b>Current employee entitlements are represented by:</b>		
Retirement and long-service leave	430	614
Annual leave	2,515	2,588
Sick leave	82	86
Accrued salaries and wages	768	1,188
<b>Total current employee benefits</b>	<b>3,795</b>	<b>4,476</b>
<b>Non-current employee entitlements are represented by:</b>		
Retirement and long-service leave	2,429	2,358
<b>Total non-current employee benefits</b>	<b>2,429</b>	<b>2,358</b>
<b>Total employee entitlements</b>	<b>6,224</b>	<b>6,834</b>

The present value of the retirement and long-service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate (5.50% for 3+ years) and the salary inflation factor (3.5% long term). Any changes in these assumptions will impact on the carrying amount of the liability.

Discount rates and the salary inflation factors are based on rates supplied by the Treasury.

## 15. EQUITY

	Actual 2013 \$000	Actual 2014 \$000
<b>Taxpayers' funds</b>		
Balance as at 1 July	41,540	41,174
Net surplus/(deficit)	19,635	19,753
Capital contribution from the Crown	-	1,162
Memorandum account balance	6,856	(11,397)
Capital repayment to the Crown	(20,000)	(3,582)
Other movements	(1)	(329)
<b>Balance as at 30 June</b>	<b>48,030</b>	<b>46,781</b>
<b>Memorandum accounts</b>		
Opening balance 1 July	(26,393)	(6,856)
Capital injection for memorandum account opening balances	-	-
Net memorandum account surpluses/(deficits) for the year	19,537	18,253
<b>Balance as at 30 June</b>	<b>(6,856)</b>	<b>11,397</b>
<b>Revaluation reserves</b>		
As at 1 July	-	-
Revaluation gains/(losses)	-	-
Transfer to general funds on disposal	-	-
<b>Total equity</b>	<b>41,174</b>	<b>58,178</b>

LINZ made capital repayments of \$3.582 million in 2013/14 in order to repay prior capital contributions received in the past to fund third party activities (to fund LINZ's memorandum account deficit).

## 16. RECONCILIATION OF NET SURPLUS/(DEFICIT) FOR THE PERIOD WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Actual 2013 \$000	Actual 2014 \$000
<b>Net surplus/(deficit)</b>	19,635	19,753
<b>Add back non-cash items:</b>		
Depreciation and assets written off	550	620
Amortisation of intangibles	3,148	2,771
Non-current employee entitlements	222	244
<b>Total non-cash items</b>	<b>3,920</b>	<b>3,635</b>
<b>Add back items classified as investing activity</b>		
Net loss/(gain) on sale of property, plant and equipment	570	63
<b>Movements in working capital</b>		
(Increase)/decrease in inventory	154	220
(Increase)/decrease in receivables	767	(16,356)
(Increase)/decrease in prepayments	(835)	260
Increase/(decrease) in payables	629	(528)
Increase/(decrease) in provisions	(813)	(170)
Increase/(decrease) in employee entitlements	16	366
<b>Net movements in working capital</b>	<b>(82)</b>	<b>(16,208)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>24,043</b>	<b>7,243</b>



## 17. RELATED PARTY INFORMATION

### Identity of related parties

The Department is a wholly owned entity of the Crown. The Government significantly influences the role of LINZ, as well as being a major source of revenue.

The Department enters into numerous transactions with other government departments, Crown agencies and State-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

The Department contracted with Fore Consulting in 2013/14, of which the Deputy Chief Executive Corporate is a Director. The value of the services provided under the contract during the year totaled \$149,000 (2013:nil).

Apart from the transactions described, the Department has not entered into any other related party transactions. In addition to their salaries, the Department also provides non-cash benefits to staff, and contributes to a post-employment defined contribution plan on their behalf.

Key management personnel are the members of the Executive Leadership Team. The Executive Leadership Team consists of 5 Deputy Chief Executives and 1 Chief Executive (2013: 5 General Managers and 1 Chief Executive).

### Remuneration

Key management personnel compensation (includes Chief Executive and Deputy Chief Executives/General Managers) is:

	Actual 2013 \$000	Actual 2014 \$000
Salaries and other short-term employee benefits	1,647	1,640
<b>Total key management personnel compensation</b>	<b>1,647</b>	<b>1,640</b>

The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority. They are not paid by the Department.

## 18. EVENTS AFTER THE BALANCE SHEET DATE

There were no events occurring between year end and the signing of the financial statements that would have a significant effect on these financial statements.

## 19. FINANCIAL INSTRUMENT RISKS

The Department is party to financial instrument arrangements (and exposure to credit, interest rate and currency risks) as part of its everyday operations. These include instruments such as bank balances, short-term deposits, accounts receivable and accounts payable.

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Department, causing the Department to incur a loss. In the normal course of its business, the Department incurs credit risk from trade debtors and transactions with financial institutions.

The Department does not require any collateral or security to support financial instruments with financial institutions that we deal with, as these entities have high credit ratings. For its other financial instruments, the Department does not have significant concentrations of credit risk.

At balance sheet date, there were no significant other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

### Fair value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

### Interest rate risk

Interest rate risk is the risk the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. The Department has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.

### Liquidity risk

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

The Department has no significant exposure to liquidity risk on its financial instruments.

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected cash draw downs from the New Zealand Debt Management Office.

The Department maintains a target level of available cash to meet liquidity requirements. The table below analyses the Department's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cashflows.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
<b>2013</b>				
Creditors and other payables (see note 12)	9,707	-	-	-
<b>2014</b>				
Creditors and other payables (see note 12)	8,156	-	-	-

## 20. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	Note	Carrying amount 2013 Actual \$000	Fair value 2013 Actual \$000	Carrying amount 2014 Actual \$000	Fair value 2014 Actual \$000
<b>Loans and other receivables</b>					
Cash and cash equivalents		9,396	9,396	10,964	10,964
Trade and other receivables	7	8,122	8,122	24,476	24,476
<b>Total loans and other receivables</b>		<b>17,518</b>	<b>17,518</b>	<b>35,440</b>	<b>35,440</b>
<b>Trade and other payables</b>					
<b>Financial liabilities measured at amortised cost</b>	<b>12</b>	<b>5,588</b>	<b>5,588</b>	<b>6,957</b>	<b>6,957</b>

### Estimation of fair values analysis

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

#### *Trade and other receivables/payables*

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

## 21. CAPITAL MANAGEMENT

The Department's capital is our taxpayers' funds (or equity), which comprises general funds. Equity is represented by net assets.

The Department manages its revenues, expenses, assets, liabilities, and general financial dealings prudently.

The Department's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with government budget processes and with Treasury instructions.

The objective of managing the Department's equity is to ensure the Department effectively achieves the goals and objectives for which it has been established, whilst remaining a going concern.

## 22. MEMORANDUM ACCOUNTS

These memorandum accounts are notional accounts to record the accumulated balance of surpluses and deficits incurred for outputs operating on a full cost recovery basis. It is intended to provide a long-run perspective to the pricing of outputs.

## LANDONLINE – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2014

	Actual 2013 \$000	Actual 2014 \$000
Balance as at 1 July	(25,544)	(5,585)
<b>Income</b>		
Operating revenue	64,612	65,602
<b>Expenses</b>		
Operating expenses	44,653	47,878
<b>Net surplus/(deficit)</b>	<b>19,959</b>	<b>17,724</b>
<b>Balance as at 30 June</b>	<b>(5,585)</b>	<b>12,139</b>

## OVERSEAS INVESTMENT OFFICE (OIO) – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2014

	Actual 2013 \$000	Actual 2014 \$000
Balance as at 1 July	(1,125)	(1,755)
<b>Income</b>		
Income from OIO applications	2,315	3,373
<b>Expenses</b>		
Expenses from OIO operations	2,945	2,647
<b>Surplus/(deficit) for the period</b>	<b>(630)</b>	<b>726</b>
<b>Balance as at 30 June</b>	<b>(1,755)</b>	<b>(1,029)</b>

## CROWN PROPERTY CLEARANCES – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2014

	Actual 2013 \$000	Actual 2014 \$000
Balance as at 1 July	276	484
<b>Income</b>		
Operating revenue	1,092	958
<b>Expenses</b>		
Operating expenses	884	1,155
<b>Surplus/(deficit) for the period</b>	<b>208</b>	<b>(197)</b>
<b>Balance as at 30 June</b>	<b>484</b>	<b>287</b>

## 23. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

### Revenue Crown

Actual revenue Crown is less than the revised budget by \$0.422 million as a result of approved Crown funded expense transfers to the 2014/15 year.

### Revenue other

Actual other revenue was \$6.562 million lower than the revised budget due to a slow down in survey and title transactions and revenue from CERA being delayed.

### Other operating expenditure

Other operating expenses are \$4.799 million lower than Budget due to expense transfers to 2014/15 and a more accurate forecast of third-party costs.

## LINZ AS AN AGENT OF THE CROWN

### NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2014

#### SUMMARY OF NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

	Actual	Budget*	Revised Budget*	Actual	Forecast*
	2013 \$000	2014 \$000	2014 \$000	2014 \$000	2015 \$000
Operating revenue and receipts	68,364	26,573	105,732	100,816	106,409
Capital revenue and receipts	58,478	183,975	184,075	76,723	91,547
Operating expenses	65,814	23,801	108,765	93,580	107,268
Capital expenses	26,357	191,642	301,513	71,694	96,694
Assets	502,589	413,462	495,715	536,639	490,335
Liabilities	68,222	38,850	68,222	96,028	68,222

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

The following non-departmental statements and schedules record the income, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets and trust accounts that the Department manages on behalf of the Crown.

Further details of the Department's management of these Crown assets and liabilities are provided in the Service Performance Section of the Annual Report.

These non-departmental balances are consolidated into the Financial Statements of the Government. Therefore, readers of these statements and schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2014.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

## STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For the year ended 30 June 2014

	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Appropriations for output classes to be supplied by other parties</b>					
Contaminated Sites	83	500	152	89	200
Forest Plantation Activity	-	-	-	-	610
<b>Total</b>	<b>83</b>	<b>500</b>	<b>152</b>	<b>89</b>	<b>810</b>
<b>Appropriations for other expenses to be incurred by the Crown</b>					
Bad and doubtful debts	5	25	25	10	25
Crown forest management	186	500	211	60	500
Crown rates	1,003	1,157	1,157	1,085	1,157
Depreciation and amortisation	361	393	393	359	393
Land liabilities	325	843	3,257	3,232	643
Residual Crown leasehold rents	878	543	700	685	700
Proceeds from sale of NZTA properties	55,276	17,000	100,000	85,631	100,000
Soil Conservation Reserve Management	92	500	250	186	420
<b>Total</b>	<b>58,126</b>	<b>20,961</b>	<b>105,993</b>	<b>91,248</b>	<b>103,838</b>
<b>Appropriations for capital investment relating to loans issued by the Crown</b>					
Loans for Crown pastoral lease holders	-	2,500	2,500	278	-
<b>Total</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>	<b>278</b>	<b>-</b>
<b>Appropriations for purchase of capital assets of the Crown</b>					
Access rights over private land	-	-	30	26	-
Crown acquisitions - Huntly East	357	500	500	490	500
Soil Conservation Reserve Management	-	-	250	96	80
Crown Obligatory Acquisitions	-	-	48	48	-
Crown Purchases: Land Exchanges	55	-	200	-	100
<b>Total</b>	<b>412</b>	<b>500</b>	<b>1,028</b>	<b>660</b>	<b>680</b>
<b>Total appropriations for the year</b>	<b>58,621</b>	<b>24,461</b>	<b>109,673</b>	<b>92,275</b>	<b>105,328</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

## STATEMENT OF NON-DEPARTMENTAL MULTI-YEAR APPROPRIATION

For the year ended 30 June 2014

The Statement of Non-Departmental Multi-Year Appropriation (MYA) details capital expenditure for the periods 2012/13 to 2013/14 against appropriations. The Department administers these appropriations on behalf of the Crown.

### Purchase or development of capital assets by the Crown

	Actual 2013 \$000	Actual 2014 \$000
<b>Land tenure reform acquisitions</b>		
Original appropriation	42,578	326,706
Cumulative adjustments	284,128	–
<b>Total adjusted appropriation</b>	<b>326,706</b>	<b>326,706</b>
Cumulative actual expenditure 1 July	2,776	28,721
Current year actual expenditure	25,945	70,756
<b>Cumulative actual expenditure 30 June</b>	<b>28,721</b>	<b>99,477</b>
<b>Appropriation remaining 30 June</b>	<b>297,985</b>	<b>227,229</b>

## SCHEDULE OF NON-DEPARTMENTAL INCOME

For the year ended 30 June 2014

	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Operating revenue</b>					
Sale of goods and services	65,031	25,760	105,222	99,224	105,222
Other operational revenue	3,333	813	510	1,592	1,187
<b>Total non-departmental operating revenue</b>	<b>68,364</b>	<b>26,573</b>	<b>105,732</b>	<b>100,816</b>	<b>106,409</b>

## SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

For the year ended 30 June 2014

	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Capital receipts</b>					
Property sales	37,139	6,000	6,100	13,520	6,100
Land tenure reform sales	21,339	177,975	177,975	63,203	85,447
<b>Total non-departmental capital receipts</b>	<b>58,478</b>	<b>183,975</b>	<b>184,075</b>	<b>76,723</b>	<b>91,547</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 3.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

## SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2014

	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Operating expenses</b>					
Non-departmental output classes	83	500	152	89	810
<b>Other expenses to be incurred by the Crown</b>					
Depreciation and amortisation	361	393	393	359	393
Rental and leasing costs	878	543	857	685	857
Debts write-off/(recovered)	5	25	25	10	25
(Gain)/loss on revaluation of agricultural assets	2,976	-	-	187	-
Loss/(gain) on sale of properties	(707)	-	123	(970)	123
Remeasurements	(1,414)	-	-	(2,121)	-
GST input expense	4,196	2,340	2,340	3,903	2,340
Other operating expenses	59,436	20,000	104,875	91,438	102,720
<b>Total non-departmental operating expenses</b>	<b>65,814</b>	<b>23,801</b>	<b>108,765</b>	<b>93,580</b>	<b>107,268</b>
<b>Capital expenses</b>					
Property purchases	357	500	828	660	580
Land tenure reform purchases	25,945	188,642	297,985	70,756	96,114
Loans for Crown pastoral lease holders	-	2,500	2,500	278	-
Land Exchanges	55	-	200	-	100
<b>Total non-departmental capital expenses</b>	<b>26,357</b>	<b>191,642</b>	<b>301,513</b>	<b>71,694</b>	<b>96,694</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

Explanations of significant variances against budget are detailed in note 3.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

## SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2014

	Note	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents		32,238	12,970	18,568	33,208	18,337
Trade and other receivables	4	46,651	10,606	43,618	71,003	43,618
Properties held for sale	6	146,355	111,079	146,355	163,512	146,355
Forests	7	-	-	-	316	-
Work in progress		215	264	215	748	215
<b>Total current assets</b>		<b>225,459</b>	<b>134,919</b>	<b>208,756</b>	<b>268,787</b>	<b>208,525</b>
<b>Non-current assets</b>						
Physical assets	8	263,274	261,871	273,263	254,440	268,274
Forests	7	9,496	12,472	9,496	9,186	9,496
Intangible assets	9	4,360	4,200	4,200	4,226	4,040
Debtors and receivables	4	-	-	-	-	-
<b>Total non-current assets</b>		<b>277,130</b>	<b>278,543</b>	<b>286,959</b>	<b>267,852</b>	<b>281,810</b>
<b>Total assets</b>		<b>502,589</b>	<b>413,462</b>	<b>495,715</b>	<b>536,639</b>	<b>490,335</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

## SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2014

	Note	Actual 2013 \$000	Budget* 2014 \$000	Revised Budget* 2014 \$000	Actual 2014 \$000	Forecast* 2015 \$000
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	5	39,996	11,265	39,996	65,095	39,996
Provisions	10	1,837	-	-	4,238	-
<b>Total current liabilities</b>		<b>41,833</b>	<b>11,265</b>	<b>39,996</b>	<b>69,333</b>	<b>39,996</b>
<b>Non-current liabilities</b>						
Deferred income		8,282	8,656	8,282	8,282	8,282
Provisions	10	18,107	18,929	19,944	18,413	19,944
<b>Total non-current liabilities</b>		<b>26,389</b>	<b>27,585</b>	<b>28,226</b>	<b>26,695</b>	<b>28,226</b>
<b>Total liabilities</b>		<b>68,222</b>	<b>38,850</b>	<b>68,222</b>	<b>96,028</b>	<b>68,222</b>

\* The statement of accounting policies provides explanations of these figures which are not subject to audit.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2014.



## SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2014

### Other non-cancellable commitments

This schedule sets out the level of commitment made against out-year appropriations and funding baselines for non-departmental expenditure. The Department on behalf of the Crown has entered into no non-cancellable contracts (2013: nil).

## SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

As at 30 June 2014

Quantifiable contingent liabilities are as follows:

	Actual 2013 \$000	Actual 2014 \$000
Legal proceedings and disputes	-	-
Other contingent liabilities	18,751	18,887
<b>Total contingent liabilities</b>	<b>18,751</b>	<b>18,887</b>

LINZ manages a portfolio of land across New Zealand on behalf of the Crown. The Crown portfolio is a consolidation of land parcels, and includes land surplus to requirements of other government agencies, and other parcels of land that have been discovered and where no owner can be located.

Liabilities in relation to Crown land can arise from a variety of circumstances:

- The requirement to clean up contamination on land that was previously owned by the Crown.
- Land that has been previously obtained by the Crown without following due process. In these cases, legal claims over the land may be made, or offers of compensation may be agreed.

- Fulfilment of obligations conferred on the Crown by the previous land owners, which are now the responsibility of LINZ to rectify.

The table above highlights those Crown contingent liabilities that can be quantified. Numerous other obligations cannot yet be quantified. With regard to potential claims, it is not possible to determine potential reimbursements because their circumstances are too remote or unknown.

The contingent liability for legal proceedings and disputes represents outstanding claims against the Crown. Other contingent liabilities represent the best estimate of the cost of mitigating potential liabilities within the Crown property portfolio.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2014.

## STATEMENT OF TRUST MONIES

For the year ended 30 June 2014

Account	As at 1 July 2013 \$000	Contribution \$000	Distribution \$000	As at 30 June 2014 \$000
Endowment Rentals Trust	1	138	(138)	1
Hunter Soldiers Assistance Trust	55	-	-	55
Crown Forestry Licences Trust	453	9,495	(9,840)	108
<b>Total</b>	<b>509</b>	<b>9,633</b>	<b>(9,978)</b>	<b>164</b>

### Endowment Rentals Trust

LINZ administers the Endowment Rentals Trust in relation to lands vested in the Crown as an endowment. There are three endowment leases currently operating: for Victoria University of Wellington, Taranaki Scholarship Board and Dunedin Endowment Leases (University of Otago).

All rentals over the lands are received by Land Information New Zealand and forwarded to the appropriate party (per above), less a 5% commission charge paid to the Department.

Source of funds: rentals.

### Hunter Soldiers Assistance Trust

The Trust was set up to administer monies derived from the sale or lease of certain lands conveyed as gifts to the Crown by Sir George Hunter for settlement to discharged soldiers.

Source of funds: interest on funds held in trust.

### Crown Forestry Licences Trust

The purpose of this Trust is to receive Crown forestry licence fee monies on behalf of the Crown Forestry Rental Trust (CFRT). The license fees are forwarded to CFRT once the licence fees have been agreed. CFRT holds these monies on Trust until the forests have been settled under Treaty settlements.

Source of funds: Crown forestry licence fees and interest on funds held in trust.

# NOTES TO THE NON-DEPARTMENTAL SCHEDULES

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by the Department on behalf of the Crown.

The non-departmental balances are consolidated into the Financial Statements of the Government. For a complete understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

### Accounting policies

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury instructions and circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate for public benefit entities.

These financial statements have been prepared in accordance with, and comply with, New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for a Crown entity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest one thousand dollars (\$000) unless otherwise stated.

The following particular accounting policies have been applied:

### Budget and forecast figures

The budget figures are those included in the Information Supporting the Estimates of Appropriations (Budget) for the year ending 30 June 2014 and the Information Supporting the Supplementary Estimates of Appropriations (Revised Budget) for the year ending 30 June 2014 (the Budget is 2013 Budget and Economic and Fiscal Update (BEFU 2013) out-year 1 figures and the Revised Budget is SUPPS 2014 out-year 0 figures).

The forecast figures are those included in the Information Supporting the Estimates of Appropriations (Forecast) for the year ended 30 June 2015 (the Forecast is 2014 Budget and Economic and Fiscal Update (BEFU 2014) out-year 1 figures).

The budget and forecast figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Forecast information has been included for the following financial year for the first time. From this year, the Public Finance Amendment act 2013 requires this.

### Revenue

Revenue is measured at the fair value of consideration received and receivable.

### Goods and Services Tax (GST)

All items in the Financial Statements, including Appropriation Statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government Financial Statements.

### Debtors and other receivables

Debtors and other receivables are measured at fair value less any provision for impairment. Impairment of a receivable is established when there is objective evidence the Crown will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the capital charge rate. The carrying amount is reduced through the use of a provision for doubtful debts account, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debt is uncollectable, it is written off against the provision for doubtful debts. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

### Assets held for sale

An item of physical assets is classified as held for sale when the sale and purchase agreement has been signed or when an asset has been included in the property disposal programme. Assets in this category are expected to be disposed of in the near future and are designated current if they are expected to be disposed of in the next 12 months.

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### Physical assets

Physical assets are categorised as:

- Crown forest land
- Crown pastoral land
- other.

The physical asset's value is predominantly land. However, the value also includes improvements.

## Revaluations

Land, buildings and plant and equipment are revalued at least every 5 years to ensure the carrying amount does not differ materially from fair value. Fair value is determined on a class of asset basis as detailed below. The carrying value of revalued items is reviewed at each balance date to ensure those values are not materially different to fair value. Additions between revaluations are recorded at cost.

### Revaluation methods

For Crown forest land, the fair value is deemed to be either (i) the discounted cash flows of future licence fees expected to be received or (ii) market valuation where the land has been market valued for sale purposes or (iii) at adjusted rating valuation where the property's value is derived from its rating valuation. The adjusted rated value is the rated value multiplied by the Property Index, which takes into account current valuations and sales by land type or region. This brings the rated value to a more realistic fair value.

For Crown pastoral land, the fair value is deemed to be the discounted cash flows of future rental income expected to be received. Vacant land valuations are performed by Darroch Limited and are based on current market values.

For other properties less than \$1 million, the valuations are conducted in accordance with the Rating Valuation Act 1998 (where available) then adjusted to better reflect market values.

The adjusted rating value is the rated value multiplied by the Property Index, which takes into account current rating valuations and sales by land type and region.

For other properties over \$1 million, values are based on market values determined by external valuers. Those properties are valued at least every five years on a rolling cycle.

Improvements are shown at cost or valuation, less accumulated depreciation and any impairment costs.

### Valuers

Multiple valuers are engaged by the entity. Valuers engaged in the last 12 months in order to determine the fair value of properties were TelferYoung, Rural Value, Grimbale Churton Taylor, LoganStone, and Veitch Morison; all are accredited independent valuers. The fair value is the amount for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on an arm's length basis for land and buildings comparable in size and location to those held by LINZ, and to market-based yields for comparable properties.

Valuer	Date of valuation	Fair value of properties revalued \$'000
TelferYoung	June 2014	1,800
Rural Value	June 2014	870
Grimble Churton Taylor	May 2014	2,765
LoganStone	June 2014	1,850
Veitch Morison	June 2014	508

## Accounting for revaluations

The Crown accounts for revaluations on a class of assets basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation, this balance is expensed in the Schedule of Non-Departmental Expenses. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Schedule of Non-Departmental Expenses will be recognised first in the Schedule of Non-Departmental Expenses up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### Additions

The cost of a physical asset is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Schedule of Non-Departmental Expenses.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably.

All other costs are recognised in the Schedule of Non-Departmental Expenses as an expense in the period they are incurred.

### Depreciation

Depreciation is calculated on a straight-line basis on all improvements, other than non-current work in progress, at rates that will write down the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Type of asset	Estimated life
Improvements	50 years

## Intangible assets

### Easements

Intangible assets consist of rights to access land. These rights are capitalised on the basis of the costs incurred to acquire that right.

Intangible assets are shown at cost less accumulated amortisation and impairment losses.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Schedule of Non-Departmental Expenses.

The useful lives of the intangible assets have been determined at 35 years based on contractual rights.

### Forestry assets

The Crown's interests in forests are valued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of future cash flows after tax. The valuations as at 30 June 2014 were carried out by Alan Bell and Associates, Morice and Kohntrol Forest Services Ltd; all are registered forestry consultants (NZIF).

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Schedule of Non-Departmental Expenses. The costs to maintain the forestry assets are included in the Schedule of Non-Departmental Expenses.

### Impairment of non-financial assets

Land, buildings and plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### Provisions

A provision is recognised when the Crown has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are not recognised for future operating losses.

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market rates and, where appropriate, the risks specific to the liability.

### Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

## 2. SUMMARY OF APPROPRIATIONS CHANGES

	Budget	Budget changes	Total appropriated 2014
	\$000	\$000	\$000
<b>Non-departmental output classes</b>			
Contaminated Sites	500	(348)	152
<b>Total non-departmental output classes</b>	<b>500</b>	<b>(348)</b>	<b>152</b>
<b>Other expenses to be incurred by the Crown</b>			
Bad and doubtful debts	25	-	25
Crown forest management	500	(289)	211
Crown rates	1,157	-	1,157
Depreciation and amortisation	393	-	393
Land liabilities	843	2,414	3,257
Residual Crown leasehold rents	543	157	700
Soil Conservation Reserve Management	500	(250)	250
Proceeds from sale of NZTA properties	17,000	83,000	100,000
<b>Total other Crown expenses</b>	<b>20,961</b>	<b>85,032</b>	<b>105,993</b>
<b>Purchase or development of capital assets by the Crown</b>			
Crown acquisitions – Huntly East	500	-	500
Loans for Crown pastoral lease holders	2,500	-	2,500
Soil Conservation Reserve Management	-	250	250
Crown Obligatory Acquisitions	-	48	48
Access rights over private Land	-	30	30
Crown Purchases: Land Exchanges	-	200	200
<b>Total Crown capital assets</b>	<b>3,000</b>	<b>528</b>	<b>3,528</b>
<b>Total appropriations</b>	<b>24,461</b>	<b>85,212</b>	<b>109,673</b>

### 3. FINANCIAL OVERVIEW AND PERFORMANCE VARIATIONS

#### Non-departmental output expenses

Non-departmental output expenses include expenditure for Contaminated Sites. Contaminated Sites is a demand-driven appropriation, and expenditure during the year reflects the level of demand for remedial action.

#### Other operating expenses and sale of goods and services

Other operating expenses are slightly underspent; this is largely due to lower than expected sales of New Zealand Transport Agency (NZTA) land. LINZ acts as a banker for the NZTA, receiving income from land sales and refunding the proceeds back to the NZTA. These refunds require an appropriation.

#### Capital receipts

Property sales are higher than the revised budget due to the sale of (part) Esk Forest, Grey Street Railyards Gisborne, and Riverhead Forest as part of Treaty settlements with iwi.

#### Capital expenses

These relate mainly to the purchase of lessees' interests as part of high country tenure review. The expense is lower than the revised budget due to uncertainty surrounding the timing of tenure review settlements. These expenses are managed by a Multi-Year Appropriation. The existing Multi-Year Appropriation expired on 30 June 2014, and a new Multi-Year Appropriation begins on 1 July 2014.

### 4. TRADE AND OTHER RECEIVABLES

	Actual 2013 \$000	Actual 2014 \$000
Debtors to non-related parties	26,403	58,985
Less: provision for doubtful debts	-	-
<b>Net debtors</b>	<b>26,403</b>	<b>58,985</b>
Accounts receivable – departments	15,437	357
Accounts receivable – Crown entities	4,811	11,661
<b>Total trade and other receivables</b>	<b>46,651</b>	<b>71,003</b>
<b>Represented by:</b>		
Current	46,651	71,003
Non-current	-	-

Debtors are shown net of provision for doubtful debts, which was nil in the current year (2013: nil). The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2014 and 2013, all overdue receivables were assessed for impairment and appropriate provisions applied, as detailed below.

The provision for doubtful debts has been calculated based on expected losses for the Crown's pool of debtors.

Expected losses have been determined based on an analysis of the Crown's losses in previous periods and review of specific debtors. Those specific debtors that are insolvent are fully provided for. As at 30 June 2014, there were no debtors identified as insolvent (2013: nil).

Movements in the provision for doubtful debts are as follows:

	Actual 2013 \$000	Actual 2014 \$000
Balance as at 1 July	-	-
Receivables written off during the period	-	-
<b>Balance as at 30 June</b>	<b>-</b>	<b>-</b>

## 5. TRADE AND OTHER PAYABLES

	Actual 2013 \$000	Actual 2014 \$000
Creditors and accrued expenses	39,462	65,044
GST payable	534	51
<b>Total creditors and other payables</b>	<b>39,996</b>	<b>65,095</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

## 6. NON-CURRENT ASSETS HELD FOR SALE

	Actual 2013 \$000	Actual 2014 \$000
Crown forest land	114,767	114,156
Other	31,588	49,356
<b>Total non-current assets held for sale</b>	<b>146,355</b>	<b>163,512</b>

The \$163.512 million (2013: \$146.355 million) includes forest land and other land classified as held for sale. They are expected to be disposed of in the near future.

## 7. FORESTRY ASSETS

	Actual 2013 \$000	Actual 2014 \$000
<b>Cost</b>		
Carrying amount as at 1 July	12,472	9,496
Additions	-	193
Disposals	-	-
Gain/(loss) from changes to fair value	(2,976)	(187)
<b>Carrying amount as at 30 June</b>	<b>9,496</b>	<b>9,502</b>
<b>Represented by:</b>		
Current	-	316
Non-current	9,496	9,186

The forestry asset value consists of the following forests.

McLaren Gully Forest consists of a Radiata Pine forest and is classified as current as it is expected to be disposed of in the next 12 months. The forest was planted in 1978 (1.0ha) and 1986 (16.6ha) as part of Otago Coast Forest. The valuation does not cover the land beneath the trees; this is separately valued and disclosed within the Crown forest land category of physical assets.

Wharekuri and Tangoio Forests were transferred to Land Information New Zealand in March 2010 from the Ministry for the Environment. Tangoio Forest consists of Radiata Pine forest covering 293.3ha and was established from 1985 to 2008. Wharekuri Forest was established with Radiata Pine seedlings in 1977. The current net stocked area is 5.0ha

(2013: 5.5ha). The valuations do not cover the land beneath the trees; this is separately valued and disclosed within the soil conservation category of physical assets.

Wairakei Forest was transferred to Land Information New Zealand in October 2010 from the Ministry for the Environment. Wairakei Forest's tree species are predominantly Radiata Pine, Douglas Fir and Eucalyptus covering 671.5ha (2013:684.9ha). The valuation does not cover the land beneath the trees; this was separately valued and disclosed within the unalienated Crown land category of physical assets.

As at 30 June 2014, LINZ held trees planted over 987.4ha (2013: trees planted over 1,102.9ha).

## 8. PHYSICAL ASSETS

	Crown forest land \$000	Crown pastoral land \$000	Other \$000	Total \$000
<b>Cost or valuation</b>				
Balance as at 1 July 2012	111,506	40,296	137,463	289,265
Revaluation increase/(decrease)	7,338	26,913	12,649	46,900
Additions	-	21,339	7,210	28,549
Disposals and transfers to assets held for sale	(56,981)	(26,757)	(17,278)	(101,016)
<b>Balance as at 30 June 2013</b>	<b>61,863</b>	<b>61,791</b>	<b>140,044</b>	<b>263,698</b>
Balance as at 1 July 2013	61,863	61,791	140,044	263,698
Revaluation increase/(decrease)	11,222	(5,874)	438	5,786
Additions	-	69,589	19,319	88,908
Disposals and transfers to assets held for sale	(4,511)	(70,765)	(28,157)	(103,433)
<b>Balance as at 30 June 2014</b>	<b>68,574</b>	<b>54,741</b>	<b>131,644</b>	<b>254,959</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance as at 1 July 2012	-	-	(519)	(519)
Depreciation charge for the year	-	-	(201)	(201)
Impairment losses	-	-	-	-
Reversal on revaluation	-	-	244	244
Disposals	-	-	52	52
<b>Balance as at 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>(424)</b>	<b>(424)</b>
Balance as at 1 July 2013	-	-	(424)	(424)
Depreciation charge for the year	-	-	(199)	(199)
Impairment losses	-	-	-	-
Reversal on revaluation	-	-	104	104
Disposals	-	-	-	-
<b>Balance as at 30 June 2014</b>	<b>-</b>	<b>-</b>	<b>(519)</b>	<b>(519)</b>
<b>Carrying amounts</b>				
As at 1 July 2012	111,506	40,296	136,944	288,746
As at 30 June 2013 and 1 July 2013	61,863	61,791	139,620	263,274
<b>As at 30 June 2014</b>	<b>68,574</b>	<b>54,741</b>	<b>131,125</b>	<b>254,440</b>



## 9. INTANGIBLE ASSETS

	Actual 2013 \$000	Actual 2014 \$000
<b>Cost</b>		
Carrying amount as at 1 July	5,000	5,000
Additions	-	26
Gain/(loss) from changes to fair value	-	-
<b>Carrying amount at 30 June</b>	<b>5,000</b>	<b>5,026</b>
<b>Amortisation and impairment losses</b>		
Balance as at 1 July	480	640
Amortisation expense	160	160
Disposals	-	-
<b>Balance as at 30 June</b>	<b>640</b>	<b>800</b>
<b>Total intangible assets</b>	<b>4,360</b>	<b>4,226</b>
<b>Carrying amounts</b>		
As at 1 July 2012		4,520
As at 30 June 2013 and 1 July 2013		4,360
<b>As at 30 June 2014</b>		<b>4,226</b>

Intangible assets consist of two easements – being a right to access land. The useful life of one of those rights is 35 years, which is equivalent to the contractual length of the right. The useful life of the other right is indefinite.

## 10. PROVISIONS

	Actual 2013 \$000	Actual 2014 \$000
Provision for onerous leases	474	475
Huntly East provision	557	583
Other	806	3,180
<b>Total current portion</b>	<b>1,837</b>	<b>4,238</b>
Provision for onerous leases	7,170	6,275
Huntly East provision	10,937	12,138
<b>Total non-current portion</b>	<b>18,107</b>	<b>18,413</b>
<b>Total provisions</b>	<b>19,944</b>	<b>22,651</b>

	Provision for onerous leases \$000	Huntly East provision \$000	Other provisions \$000	Total \$000
<b>2013</b>				
Balance as at 1 July 2012	7,450	10,272	861	18,583
Additional provisions made during the year	-	-	-	-
Charge against provision for the year	(251)	486	(187)	48
Discounting changes	445	736	132	1,313
Unused amounts reversed during the year	-	-	-	-
<b>Balance as at 30 June 2013</b>	<b>7,644</b>	<b>11,494</b>	<b>806</b>	<b>19,944</b>
<b>2014</b>				
Balance as at 1 July 2013	7,644	11,494	806	19,944
Additional provisions made during the year	-	1,227	2,374	3,601
Charge against provision for the year	(685)	-	-	(685)
Discounting changes	(209)	-	-	(209)
<b>Balance as at 30 June 2014</b>	<b>6,750</b>	<b>12,721</b>	<b>3,180</b>	<b>22,651</b>

### Provision for onerous leases

LINZ has onerous contract obligations where the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from it. The provision relates to the lease on 1 The Terrace and 3 The Terrace, Wellington, which expires in 2060. The discount rate used for the provision is the Forward rate as provided by the Treasury.

### Huntly East subsidence

The Crown has an obligation to purchase properties affected by mining in the Huntly East area (CAB (97) M 33/7A refers). The Huntly East Subsidence Policy states that if a property is not sold on the open market within six months, the Crown will buy the property from the vendor at current market value. Until all properties have been purchased by the Crown, this policy will continue. Properties purchased by the Crown are covenanted to protect the Crown from future liability then on-sold (generally at a lower value as a result of the covenant on the title).

## 11. FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2013 \$000	Actual 2014 \$000
<b>Loans and receivables</b>		
Cash and cash equivalents	32,238	33,208
Debtors and other receivables	46,651	71,003
<b>Total loans and receivables</b>	<b>78,889</b>	<b>104,211</b>
<b>Creditors and other payables</b>		
Financial liabilities measure at amortised cost	39,996	65,095

### Credit risk

Credit risk is the risk that a third party will default on its obligation, causing a loss to be incurred. Credit risk arises from debtors and deposits with banks. Funds must be deposited with Westpac, a registered bank.

The maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. Other than Westpac bank, there are no significant concentrations of credit risk.

## 12. EVENTS AFTER THE BALANCE SHEET DATE

There were no events occurring between year end and the signing of the financial statements that would have a significant effect on these financial statements.





## Appendices

This section outlines the legislation we administer and provides statutory information required under the Land Act 1948 and a summary of the performance of the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa

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# Legislation we administer

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## 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 (Ngā Pou Taunaha o Aotearoa) Act 2008

Public Works Act 1981

Rating Valuations Act 1998

Reserves and Other Lands Disposal Acts

Valuers Act 1948.

### **LINZ also has a number of statutory officers with specific functions under the various acts we administer:**

- The Commissioner of Crown Lands exercises rights of ownership and has statutory responsibility for all Crown land.
- The Registrar-General of Land is responsible for the regulatory aspects of the land titles system.
- The Surveyor General oversees and regulates New Zealand's surveying industry and is the Chairperson of the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa.
- The Valuer General ensures district valuation rolls, which are used by territorial authorities for rating purposes, are maintained to appropriate standards. The Valuer General is also the Chairperson of the Valuers Registration Board.

The Registrar-General of Land and the Surveyor General, in particular, have special responsibilities relating to land transactions under more than 50 other statutes.

LINZ acts in a secretarial and administrative support capacity for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa and the Valuers Registration Board.

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

Airport Authorities Act 1966 (relating to disposal of land)

Crown Forest Assets Act 1989 (relating to Crown Forestry Licences)

Crown Minerals Act 1991 (relating to access arrangements to land)

Crown Research Institutes Act 1992 (relating to disposal of land)

Electoral Act 1993 (relating to electoral boundaries)

Geographical Indications Act 1994 (relating to geographical names)

Health Reforms (Transitional Provisions) Act 1993 (relating to disposal of land)

Local Government Act 1974 (relating to road stopping)

Mining Tenures Registration Act 1962 (relating to residence site licences)

Marine and Coastal Area (Takutai Moana) Act 2011 (relating to reclaimed land interests and customary marine title areas)

New Zealand Railways Corporation Act 1981 (relating to disposal of land)

Overseas Investment Act 2005 (relating to overseas investment applications)

Resource Management Act 1991 (relating to network utility operators and acquisition of land)

State Owned Enterprises Act 1986 (relating to disposal of land)

Te Ture Whenua Māori Act 1993 (relating to Māori land)

Treaty of Waitangi (State Enterprises) Act 1988 (relating to disposal of land)

Treaty of Waitangi Act 1975 (relating to disposal of land)

Treaty of Waitangi claims settlement acts (various)

Unit Titles Act 2010

# Statutory information

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This table details information required under section 181 of the Land Act 1948 for the year ending 30 June 2014:

Details	Number	Total area (hectares)	Price paid (\$)	Total yearly rent payable (\$)
Areas of private land or lessees' interest in Crown land purchased during the year	8	16,205	23,396,000	N/A
Areas of land purchased by the Office of Treaty Settlements under section 40 of the Land Act 1948	-	-	-	N/A
Leases and licences granted during the year	26	151	N/A	42,318
Leases and licences current at the end of the year	751	1,523,730	N/A	2,761,970

# New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa – Annual Report summary

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Section 14 of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 requires the Board to report annually to the Minister for Land Information and publish a summary in LINZ's annual report. This summary covers the period 1 July 2013 to 30 June 2014.

## Our work

The Board assigns new names for geographic features and places, alters or discontinues existing names, approves or adopts recorded names already in common use, validates past name decisions and defines the position or extent of geographic features or places.

## What's in a name?

Geographic names play an important role in symbolising historical and cultural identity and provide a means of locating and differentiating places from each other. They are important markers of the landscape to help New Zealanders navigate to their destinations. They help us to understand the connection that our ancestors, early explorers and settlers had with the land. And they help us to understand the history that can be uncovered revealing the story behind the name:

- its heritage;
- the events associated with it;
- its cultural significance; and
- its meaning – whether metaphorical, descriptive, themed, personal, or commemorative.

## Rules for geographic names

The Board considers geographic name proposals in accordance with specific criteria that are applied on a case by case basis. Standards, guidelines, policies, and protocols are published on LINZ's website to provide people with information on how their proposals will be evaluated.

## NZGB work and decisions for 2013/14

The Board held three meetings during 2013/14 – in July 2013, October 2013 and April 2014. The Undersea Features Names Committee meet once during the year as did the Māori Names Committee. The Board made 572 non-Treaty name proposals and 106 Treaty name proposals. For further detail on the non-Treaty name proposals, see the full NZGB Annual Report.

## Treaty settlement names

The Board has continued working closely with the Office of Treaty Settlements (OTS) reviewing Treaty of Waitangi settlement documents and considering geographic name proposals. The 106 recommendations made during 2013/14 on geographic names may be included in future Treaty of Waitangi settlements. The Board also gazetted 23 Treaty names that were assigned, altered or discontinued through the Ngāti Whātua o Kaipara, Waitaha and Raukawa Claims Settlement Acts.

The Board Secretariat has also worked closely with OTS to review a Relationship Protocol. This review resulted in a concise document that clearly explains the responsibilities of each party and what information is required by the Board for name proposals that may be included in Treaty settlements.



## Output measures for geographic names

The Board has been tracking at 100% for the three measures agreed. The annual satisfaction survey will be completed by LINZ after 30 June 2014:

DIMENSION	MEASURE	BUDGETED STANDARD
Quality	The rating given in the annual satisfaction survey of New Zealand Geographic Board members.	Satisfied or better
	The percentage of place name proposals processed in accordance with legislation protocols and policy.	100%
Timeliness	The percentage of Treaty name proposals considered within timeframes agreed with the Office of Treaty Settlements.	100%
	The percentage of responses from the public on proposed non-Treaty names considered at the next scheduled Board meeting.	100%

## Notable geographic names

### ‘NORTH ISLAND OR TE IKA-A-MĀUI’ AND ‘SOUTH ISLAND OR TE WAIPOUNAMU’

On 10 October 2013 the Minister for Land Information confirmed the Board’s recommendation to assign alternative names for New Zealand’s two main islands and this decision was gazetted on 17 October 2013. There had been a significant public response during the submission phase earlier in 2013 (2,608 submissions were received from 1,329 submitters).

### TE KAREAREA PEAK, LAKE TE KŌHUA, MOUNT TŪWHAKARORIA AND TĀPUAE O UENUKU / HECTOR MOUNTAINS

On 10 December 2013 the Minister for Land Information confirmed the Board’s recommendation to assign these four new and altered alpine names and this decision was gazetted on 12 December 2013. Initial public response was significant (11 objections and 122 supporting submissions).

## Changes to Board membership

Two new Board members were appointed during 2013/14: Associate Professor Te Maire Tau and Associate Professor Merata Kawharu, who have both broadened the collective knowledge of the Board and brought fresh perspectives and contributions.

The change in Surveyor-General also meant a change in the Board’s Chairperson; Mark Dyer took charge of the Board on 1 April 2014.

Also, long-serving member, Dr Sir Tipene O’Regan retired from the Board during 2013/14. He was a member of the Board for 28 years, and contributed to a significant number of name decisions, some of which were controversial, and he helped the Board navigate through them.

# Directory

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Public services provided:

- manual lodgements of land transfer documents
- reading room for viewing land records by appointment.

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**Land Information  
New Zealand**  
*Toitū te whenua*