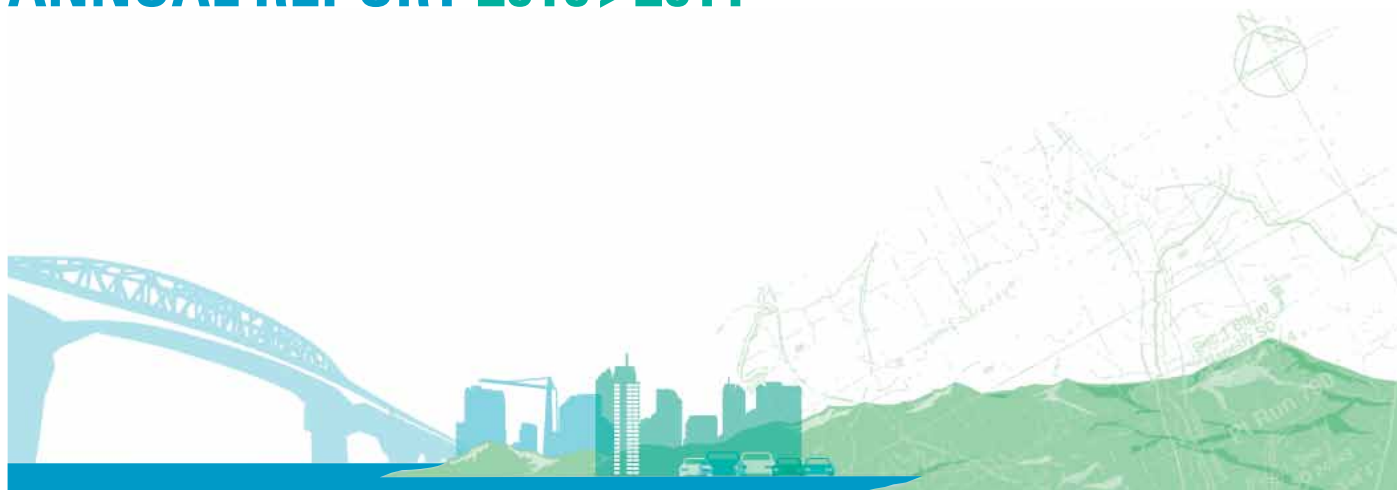




# ANNUAL REPORT 2010 > 2011



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## 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 2011.



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**Colin MacDonald**  
Chief Executive  
Land Information New Zealand

This information can be found at:  
<http://www.linz.govt.nz/annual-report-2011>

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# Introduction to LINZ

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Land Information New Zealand is a government department of approximately 450 staff based in Wellington, Hamilton, and Christchurch. Broadly speaking, our three functions are to manage land transactions, geospatial information,<sup>1</sup> and land.

## Managing transactions

LINZ runs the system for defining and dealing in property rights, and regulates these property rights – or land – transactions. We strive to ensure New Zealanders know exactly what they are buying, selling, or trading, know what their rights and responsibilities are,<sup>2</sup> and can carry out land transactions easily and at a reasonable cost.

We also regulate ratings valuations and administer New Zealand's overseas investment regime.<sup>3</sup>

## Managing information

We manage core geospatial information that underpins the efficient operation of government functions, emergency services, and many businesses and community organisations.<sup>4</sup>

As well as managing our own core geospatial data, LINZ runs the all-of-government New Zealand Geospatial Office (NZGO), which is leading the effort to increase the use of New Zealand's geospatial information resources as an enabler for productivity gains in our economy, and better decision-making in government, business, and the community.

## Managing land

LINZ administers a range of Crown-owned lands for the benefit of the New Zealand public. Our portfolio encompasses more than 5,000 properties, including over 1.5 million hectares of High Country pastoral land in the South Island and many lake and river beds. In some cases, land under our management is being held for Treaty of Waitangi settlements.

We also regulate the acquisition and disposal of Crown land by all government agencies.

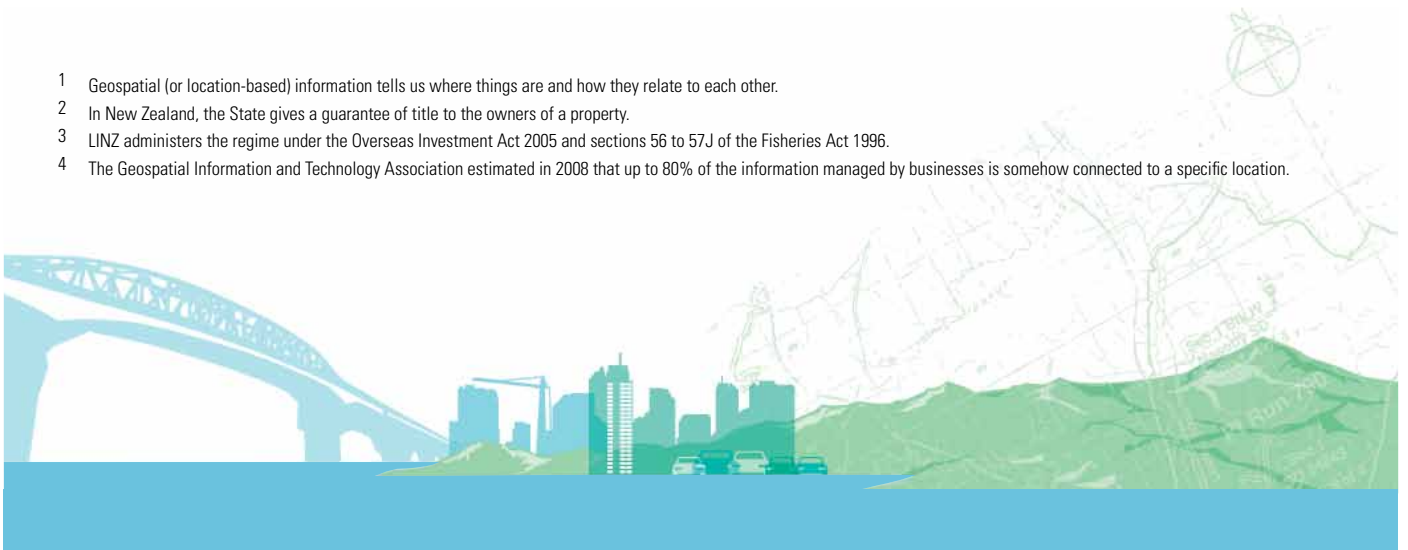
We have a number of statutory officers with specific functions under the various Acts we administer. More detail on this legislation, and on our different responsibilities and functions, can be found on page 106.

<sup>1</sup> Geospatial (or location-based) information tells us where things are and how they relate to each other.

<sup>2</sup> In New Zealand, the State gives a guarantee of title to the owners of a property.

<sup>3</sup> LINZ administers the regime under the Overseas Investment Act 2005 and sections 56 to 57J of the Fisheries Act 1996.

<sup>4</sup> The Geospatial Information and Technology Association estimated in 2008 that up to 80% of the information managed by businesses is somehow connected to a specific location.



# From the Chief Executive

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I am pleased to present this report on the operations of Land Information New Zealand for the year ended 30 June 2011.

Over the past year, LINZ has continued to deliver excellent services to our customers and has used the resources under our control to further the Government's objectives for lifting New Zealand's economic performance.

A Government priority for LINZ is our ongoing leadership of New Zealand's Geospatial Strategy. As you will read in this report, 2010/11 has proved a pivotal year for accelerating our aim of increasing the use of New Zealand's geospatial information beyond the estimated \$1.2 billion in annual productivity benefits it already contributes.<sup>5</sup>

We secured agreement from Government and the many players in the geospatial sector to the development of an effective national spatial data infrastructure – an SDI – by 2014. By connecting government's valuable geospatial resources with users through an SDI, we can help government agencies and businesses to make better decisions with their resources and increase the efficiency of their operations.

The power of geospatial information, and tools for overlaying different datasets, was acutely needed in Christchurch in the aftermath of the February 2011 earthquake, and proved useful in supporting the new Auckland super city's spatial planning. In particular, it was a privilege for LINZ to coordinate the streamlined release of government geospatial data to agencies and emergency services involved in rescue and recovery in Canterbury.

Our other Government priorities this year were in land management. We continued to deliver a significant programme of Treaty of Waitangi settlements work in alignment with the Government's stated goals. In doing so, we play an important part in releasing valuable land assets to iwi for Māori and regional development.

We also made good progress in implementing the Government's policy in the South Island High Country, with the aim of ensuring the 1.5 million hectares of pastoral lease land in this iconic part of New Zealand can be farmed productively and protected for the future.

The survey and titles system we administer forms the basis of New Zealand's land property rights market and is critical to the ongoing functioning of the economy. We continued to deliver a world-leading system that facilitates the sale, purchase, and development of property and ensures New Zealanders can have the utmost confidence in their rights.

This property rights infrastructure is usually invisible to New Zealanders, but the Canterbury earthquakes have illustrated the rationale behind the decision LINZ made last decade to develop a secure electronic system for recording and transacting property rights, and to divide our operations between two offices. When the February earthquake struck, no property rights records were lost and we maintained good business continuity to our customers despite the two-month closure of our Christchurch office premises.

The earthquakes tested the integrity of New Zealand's property rights system, but the longer-term challenge we continued to face this year is the sustainability of our survey and titles operations in the face of declining property market activity and its effect on our revenue.

You will read in this report about our continued focus on cost management for the survey and titles system; overall costs have fallen from \$67 million in 2003/04 to \$49.3 million this year. You will also read about the significant organisational change undergone, and other strategies progressed, to ensure we can maintain high-quality services to customers and manage within our means.

Making these necessary changes took a lot of organisational focus, so I thank my staff for their commitment and their agility in delivering core operations while also responding to the need to support recovery and rebuilding in Canterbury.



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Colin MacDonald  
CHIEF EXECUTIVE  
Land Information New Zealand

<sup>5</sup> The LINZ-commissioned report, *Spatial information in the New Zealand economy: realising productivity gains* (ACIL Tasman, August 2009), conservatively estimated that geospatial information contributed \$1.2 billion in productivity-related benefits to the New Zealand economy in 2008. You can read this report at [www.geospatial.govt.nz](http://www.geospatial.govt.nz)

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# The year in review

This section outlines how our work over the past year contributed to progressing our three outcomes for managing transactions, information, and land.

# The outcomes we seek for New Zealanders

Our management of property transactions, geospatial information, and land contributes to three outcomes. These are the lasting results we want to help deliver to New Zealanders.

## Integrity of the property rights system maintained to encourage trade, commerce, and wellbeing

LINZ delivers a world-class property rights system, which in turn provides one of the foundations for enhancing economic performance – guaranteed private property rights and the ability for New Zealand businesses to expand through using real property as collateral.

We also ensure rating valuations are fair to ratepayers and administer the regime for screening overseas investment applications to buy sensitive New Zealand assets.

## Increasing the productive use of geospatial information

LINZ aims to significantly increase the \$1.2 billion in productivity benefits that geospatial information provides to the New Zealand economy every year. We want to help provide many more opportunities for businesses right across our productive sector and central and local government to use geospatial tools to innovate and enhance decision-making.

To do this, LINZ is working with the other players in the geospatial sector to put in place the infrastructure that will allow the managers of New Zealand's many geospatial resources to share them and make them easy to find and use.<sup>6</sup>

We manage some of New Zealand's most important geospatial datasets. Under this outcome, we continually work to improve the accuracy of our data, develop its uses, and increase its accessibility and useability.

## Enabling appropriate economic, environmental, and recreational uses of Crown-owned and used land<sup>7</sup>

LINZ manages 8% of New Zealand's land area, some of it among the most iconic in our country. We aim to manage Crown land efficiently and effectively, and safeguard it. In this way, we can enable Crown land to be put to its best use now and in the future.

Given the variety of our activities, enabling will take many forms. In some cases, land under our management is being held for Treaty of Waitangi settlements, and our contribution to the cross-government settlements process ensures land is released to iwi to further Māori and regional economic development.

We also regulate the acquisition and disposal of land by all Crown agencies; many such transactions are vital to the development of our national infrastructure. We ensure Crown agencies buy and sell land in a manner that meets legislative requirements and balances both public and private interests.

## Reviewing our outcomes

As part of an ongoing focus on performance improvement, we revised our outcomes framework in 2010/11. Our aim has been to determine more accurately the end outcomes we deliver to New Zealanders through our management of transactions, geospatial information, and land.

We changed our property rights-focused outcome from **Build and maintain certainty of property rights** to **Integrity of the property rights system maintained to encourage trade, commerce, and wellbeing**. The new outcome better describes the end benefits that an effective property rights system delivers to New Zealand's economy and society.

The two outcomes focused on geospatial information – **Authoritative land information** and **Available, accessible, and shared geospatial information** – were combined into one new outcome, **Increasing the productive use of geospatial information**. The new outcome clarifies the ultimate result we seek from leading the all-of-government strategy for geospatial information and from managing our own core geospatial data: productivity benefits for New Zealand.

We changed our outcome for land management to better reflect that, in our management of the diverse properties in our land portfolio, we seek to deliver a range of results dependent on the values or risks associated with each piece of land. Consequently, **Effective management of Crown assets** has become **Enabling appropriate economic, environmental, and recreational uses of Crown-owned and used land**.

This annual report will present information under these three new outcomes. We are continuing to focus on strengthening our performance in 2011/12 and intend to further refine the Crown land management outcome in particular.

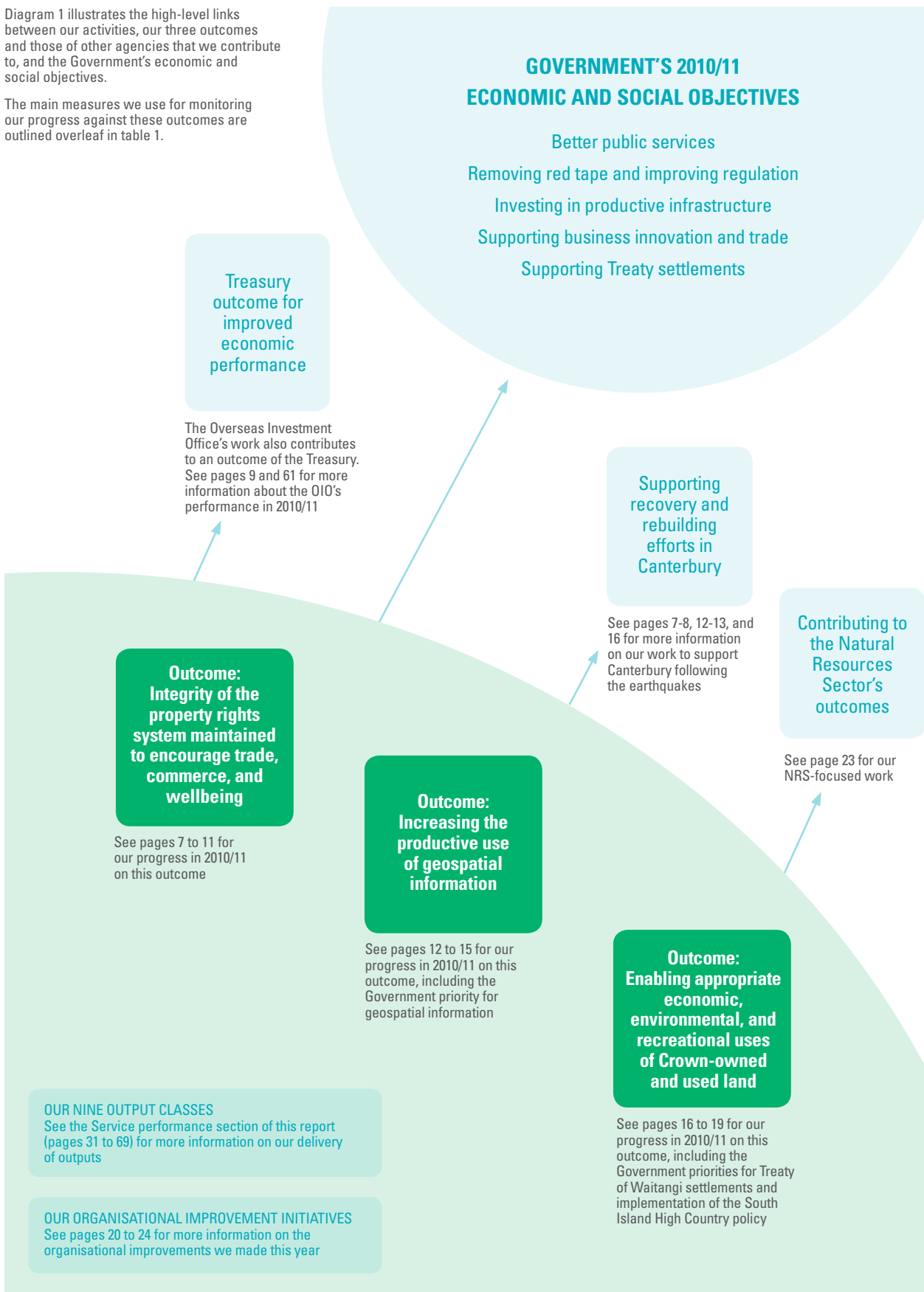
<sup>6</sup> Broadly speaking, the geospatial sector includes: central and local government agencies that provide and maintain geospatial information; private businesses that provide geospatial services and products; academics; and central and local government agencies and businesses in other sectors that use geospatial information services.

<sup>7</sup> Crown land is managed by a variety of agencies. The scope of Crown land that LINZ aims to have some impact upon is the Crown land under our management and Crown land that is being acquired or disposed of by other agencies (where we act as regulator).

# Diagram 1: Our strategic framework

Diagram 1 illustrates the high-level links between our activities, our three outcomes and those of other agencies that we contribute to, and the Government's economic and social objectives.

The main measures we use for monitoring our progress against these outcomes are outlined overleaf in table 1.



**Table 1: Our main progress measures**

Measuring our progress in maintaining the integrity of the property rights system to encourage trade, commerce, and wellbeing	
OUTCOME AND IMPACT MEASURES	OUTPUT MEASURES
<ul style="list-style-type: none"> <li>• New Zealand maintained a top-three World Bank ranking for ease of registering property.</li> <li>• No High Court challenges were upheld against the Registrar-General of Land under section 216 of the Land Transfer Act; one indicator that New Zealanders have high confidence in property rights.</li> <li>• Low levels of objections to rating valuations from ratepayers indicates New Zealanders are also confident in the way properties have been valued for rating purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• We maintained high availability and security for the electronic survey and titles system.</li> <li>• In our monthly monitoring, survey and titles customers continued to rate their overall satisfaction with us as good or better.</li> <li>• We maintained accuracy and efficiency in processing, although the Canterbury earthquakes affected our ability to meet two timeframe targets.</li> <li>• We met our quality standards in processing overseas investment applications, although the complexity of the applications received this year affected our ability to meet two timeframe targets.</li> </ul>
Measuring our progress in increasing the productive use of geospatial information	
OUTCOME AND IMPACT MEASURES	OUTPUT MEASURES
<ul style="list-style-type: none"> <li>• More than 1,000 geospatial information layers have been made accessible and discoverable for greater use and re-use through our activities this year.</li> <li>• We met 2010/11 targets for priority projects to improve the quality of our data.</li> <li>• In 2014, we will evaluate the extent to which our activities have increased the productive contribution of geospatial information to the economy beyond the current estimated \$1.2 billion a year.</li> <li>• Next year, we will measure whether the online LINZ Data Service has delivered a projected 5:1 national return on investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Our maintenance and provision of geospatial information met all our quality, quantity, and timeframe standards, with one minor exception.</li> <li>• Customer research conducted in 2009 and 2010 indicated overall satisfaction ratings of 65%-85% with our product and service provision.</li> </ul>
Measuring our progress in enabling appropriate economic, environmental, and recreational uses of Crown-owned and used land	
OUTCOME AND IMPACT MEASURES	OUTPUT MEASURES
<ul style="list-style-type: none"> <li>• We met 90% of the New Zealand Transport Agency's timeframes in our work to help progress priority infrastructure programmes.</li> <li>• Anecdotal feedback on our contribution to the cross-government Treaty settlements programme has been positive. We are developing more formal stakeholder monitoring in 2011/12.</li> <li>• We established baselines for evaluating improvements to our pastoral management. We will use these to measure progress once a new rental system for pastoral leases has been implemented.</li> <li>• The South Island High Country pastoral leases make up 70% of the land under our management so we are evaluating the benefits of tenure review and uses of High Country land in 2011/12 and 2012/13.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Crown property management and disposal services met all 29 quantity, quality, and timeframe standards, with three exceptions.</li> <li>• We achieved our targets for revenue from property disposals and resolving land liabilities.</li> <li>• We maintained a positive overall satisfaction rating from stakeholders with our biosecurity efforts.</li> </ul>



# Integrity of the property system maintained to encourage trade, commerce, and wellbeing

An effective property rights system provides one of the foundations for enhancing economic performance – guaranteed private property rights and the ability for New Zealand businesses to expand through using real property as collateral.

As part of our work this year to revise our overall strategic framework, we clarified that the direct impacts of our work on the property rights system can be summarised as **Maintaining the ease of transacting property rights** and **Maintaining New Zealanders' confidence in property rights**.

Our results this year are presented under these two impacts, namely the key initiatives we said we would deliver in our Statement of Intent 2010-13, other core operational achievements critical to our success, and the reactive work we carried out to support recovery and rebuilding in Canterbury.<sup>8</sup>

## MAINTAINING THE EASE OF TRANSACTING PROPERTY RIGHTS

A key deliverable in our Statement of Intent 2010-13 was to complete the decade-long transition to a fully electronic property rights system that provides an efficient, secure platform in which survey and titles customers can trade.<sup>9</sup>

Under this programme, we brought forward planned closures of our Dunedin and Auckland processing centres to 2010/11 in response to an ongoing decline in property market activity. This decline saw us process 23% fewer titles transactions and 17% fewer survey transactions than forecast.

We identified \$3 million in cost-savings in 2010/11, and accelerated a programme to ensure the sustainability of our operations through any further property market fluctuations. This programme is outlined in more detail on page 22.

In closing the two offices ahead of schedule, our focus was to support departing staff with their careers and ensure continuity of service delivery in our remaining Hamilton and Christchurch offices, where our specialised workforce processes the complex transactions that cannot be automated.

We also completed two projects to improve staff productivity: a new wiki is decreasing the time needed to research information for business decisions,<sup>10</sup> and enhancements to our learning programmes are reducing the time lag before new staff begin to process transactions.

In addition, we are on track to complete the digitisation of valuable historic paper records by mid-October 2011. Digitising historic records, and relocation of originals to

Archives New Zealand during the year, will ensure they are preserved and still accessible to the public.

## Business continuity through the earthquakes

The ability to maintain property rights through events such as the Canterbury earthquakes demonstrates one of the rationales behind our decision last decade to develop a fully electronic system and split operations between two offices.

The system ensured no loss of property rights records or ability to transact rights from the quakes, which removed one potentially significant source of uncertainty for Cantabrians.<sup>11</sup> The system's integrity was tested in particular by the two-month closure of our Christchurch premises and the sometimes limited access to offsite paper records needed for services.

While these factors affected delivery against some performance targets, we maintained good overall business continuity to customers due to our two locations, the automation of most straightforward transactions, overtime provisions, and the flexibility and responsiveness of staff in Hamilton and Christchurch.<sup>12</sup>

## Increased property rights responsibilities

LINZ has taken on new responsibilities under the Marine and Coastal Area (Takutai Moana) Act 2011.<sup>13</sup> From 2011/12, we will process applications for reclaimed land interests and from people wanting to conduct activities on customary marine title areas. We will also manage a register of customary interests.

In preparation, we began developing processes for handling these applications and providing effective support to the Minister for Land Information, the decision-maker for reclaimed land.

<sup>8</sup> One of the deliverables outlined in our Statement of Intent 2010-13 was our contribution to the Natural Resources Sector. Our results on this initiative are outlined on page 23.

<sup>9</sup> To date, while other countries have developed electronic property rights (or titles) systems, New Zealand is the only country with an integrated electronic survey and titles system. We developed an integrated system because of the essential role cadastral survey data plays in underpinning property rights.

<sup>10</sup> The wiki is an online index of our authoritative processing information.

<sup>11</sup> Property rights expert Hernando de Soto wrote in the New York Times in January 2006 that New Orleans paper property records had to be rescued from floodwaters during Hurricane Katrina and dried out in Chicago. The records determined, as de Soto says, "who owned what and where, who owed what and how much, who could be relocated quickly, who was credit-worthy to finance reconstruction, whose property was so damaged that they needed help, and how to give the poor energy and clean water."

In comparison, de Soto noted the extensive problems faced by people in countries affected by the 2004 Boxing Day tsunami in proving their property rights without legally documented records to back up their claims.

<sup>12</sup> See pages 32 and 42 for more information on our performance in delivering survey and titles outputs.

<sup>13</sup> The Act replaced the Foreshore and Seabed Act 2004.

## MAINTAINING NEW ZEALANDERS' CONFIDENCE IN PROPERTY RIGHTS

As a department responsible for a large number of land-related regulations and standards, our approach is to minimise risks to property rights while also lessening the compliance burden on business.<sup>14</sup> Our priorities this year included supporting Canterbury, and ratings revaluations for Auckland.

### Practical support for Canterbury

Since the September 2010 earthquake, we have liaised with central and local government agencies and stakeholders to develop fast, effective solutions and legislative changes needed to support recovery in Canterbury.

We helped to draft reserve powers as part of the Canterbury Earthquake Recovery Act 2011, which provide flexibility for fast-tracking land recovery and development and building activity in Canterbury, while protecting the rights of property owners.

The extensive earth movements, particularly those on 22 February, have affected the spatial extent of property rights boundaries, so we also put systems in place to help reduce the impacts of any uncertainties. For example, new survey rules for re-establishing boundaries affected by earth movements are helping surveyors in Canterbury to deal with difficult boundary definition issues. Testing these systems and resolving ongoing issues will continue to be a priority for us in 2011/12 and beyond.

The Valuer-General also worked closely with affected councils and the Department of Internal Affairs on practical solutions to a number of earthquake-related rating valuation issues.<sup>15</sup>

Legislative changes have been made to delay some scheduled general revaluations in the region. As a result, councils can maintain an effective ongoing rating system to fund their operations as they rebuild communities and focus resources on the most important activities for recovery.

The changes also give Canterbury property owners some assurance about how rating valuations will be applied in the short term.

### Ratings for the Auckland super city

The Valuer-General took regulatory oversight of an approximate 500,000 rating revaluations arising from the Auckland local government amalgamations; three times larger than any other previous undertaking.

LINZ has worked to ensure our regulators and the valuers they oversee can conduct this revaluation at this 'super city' scale and continue to provide Aucklanders with a fair, nationally consistent rating base and sound economic platform for development.<sup>16</sup>

### Ensuring an effective system of property rights in the future

We contributed to a number of significant legislative changes in 2010/11, including the new Marine and Coastal Area legislation.

We were involved in the development of new regulations – and implemented changes to our electronic property rights system – to support the new Unit Titles Act 2010, and worked with the New Zealand Law Society on an education programme to educate our customers on the new Act's requirements.

#### *The future of property rights and land development*

Two initiatives outlined in our Statement of Intent are helping us to prepare for the future of property rights and land development. Under these initiatives, we worked with the New Zealand Law Commission on its review of the Land Transfer Act 1952. The review resulted in a draft Land Transfer Bill to modernise and streamline the existing land transfer legislation. The proposed legislation is more closely aligned to the electronic environment for registering property rights. It will also make the law more accessible for New Zealanders and introduce measures to better protect homeowners.

Under this deliverable, we also signed a memorandum of understanding with the Ministry of Justice to ensure ongoing currency between Māori Land Court records and our survey and titles register. This will continue to ensure Māori land owners benefit from their properties having registered titles under our system.<sup>17</sup>

Working collaboratively with our stakeholders, we also continued to progress a shared view of the future of land development. A draft paper, 'Conveyancing 2020', was prepared with key stakeholders this year and is being finalised in early 2011/12. Once combined with a completed report on cadastral survey and work currently underway on the valuation industry, this will establish a coordinated approach for a more efficient land development market.

<sup>14</sup> See page 59 for more detail on our regulatory activity.

<sup>15</sup> The affected councils are the Christchurch City Council, Selwyn District Council, and Waimakariri District Council.

<sup>16</sup> The revaluations are due to be completed by October 2011.

<sup>17</sup> In April 2010, LINZ finished a project to register 57,000 Māori Land Court orders. Our work this year aimed to maintain ongoing currency between the two systems.

## Improved effectiveness in managing overseas investment applications

The Overseas Investment Office (OIO), which is located in LINZ, maintained its high standards of decision-making in a year that saw a 37% increase in applications from overseas investors. Eighty-three percent of these were sensitive land applications, which require more complex analysis.<sup>18</sup>

The 2010/11 year was also notable for a number of large-scale bids, such as Natural Dairy (NZ) Holdings Ltd's bid to acquire the Crafar farm properties. Because of the complexity of these transactions, we made the active decision to prioritise high-quality investigation, analysis, and decision-making over our timeliness targets. As a result, 97% of our recommendations to Ministers on overseas investment decisions were accepted.

During the year we also directed more of our resources into investigating suspected breaches of the Overseas Investment Act and monitoring compliance with it.

We followed up all public alerts about potential breaches, and monitored all applications filed in 2009/10 that did not receive consent to ensure proposed purchases did not proceed. We can also report high levels of compliance with the conditions of consent set for successful overseas investors.

Conditions of consent may include requiring applicants to fulfil business plans to ensure benefits to New Zealand are delivered, or providing environmental benefits such as rehabilitation of wetlands.

Providing improved walking access may be another requirement. For example, conditions set by the OIO over the past few years have resulted in the Dry Acheron Track in North Canterbury being built and contributed to the 30km Motatapu Track that links Wanaka and Arrowtown.

<sup>18</sup> Sensitive land applications entail the OIO considering 21 factors to determine whether an overseas investment transaction will, or is likely to, benefit New Zealand. Two of the 21 factors were added by regulation in January 2011, following a review of the Overseas Investment regime.

## MEASURING OUR PROGRESS

With \$427 billion net equity invested in housing assets,<sup>19</sup> we know New Zealanders have high confidence levels in property rights and that property rights are important to their wellbeing and security. Ninety-nine percent of New Zealand businesses are SME-sized, so housing is often a significant source of collateral for expanding their activities.<sup>20</sup>

Many factors will influence whether New Zealanders continue to invest in housing at the same rate or whether businesses will use property as collateral. We assess our long-term contribution to encouraging trade, commerce, and wellbeing by monitoring indicators on the impacts we aim to deliver.

### Impact measures for Maintaining ease of transacting property rights

A key indicator we use is the World Bank *Doing Business Survey*, which has ranked New Zealand third in the OECD for 'ease of registering property' in the past three years.<sup>21</sup>

The survey measures the cost, time taken, and number of procedures needed for an SME to register property. As table 2 shows, New Zealand performs equally to top-ranked Saudi Arabia in terms of requiring the least number of procedures and least amount of time. This finding is supported by our most recent research, which found 75% agreement that our electronic system helps survey and titles customers to provide a high level of service to their clients.

The survey also provides a good international benchmark of the cost-effectiveness of registering property. The two countries ranked above us charge no fees for property registration, while the 0.1% New Zealanders pay to register property relates to the cost of our service and the land information memoranda issued by councils.<sup>22</sup>

The performance of the property rights system through the Canterbury earthquakes also provided an important indicator of its integrity under stress:

- No property rights records were destroyed and customers continued to transact as usual.
- LINZ maintained reasonable business continuity, despite the two-month closure of our Christchurch office.

We will continue to monitor the effectiveness of our regulators' interventions, particularly the activities to mitigate the effects of earth movements on property rights.

Table 2: Doing Business rankings

Ease of registering property by an SME	Number of procedures needed	Time needed (days)	Cost of registering a property <sup>23</sup>	Overall ranking
New Zealand 2005	2	2	0.2%	Not ranked
New Zealand 2010	2	2	0.1%	3
<b>New Zealand 2011</b>	<b>2</b>	<b>2</b>	<b>0.1%</b>	<b>3</b>
<b>OECD 2011</b>	<b>4.8</b>	<b>32.7</b>	<b>4.4%</b>	
Singapore 2011	3	5	2.8%	15
Saudi Arabia 2011	2	2	0.0%	1
Australia 2011	5	5	5.0%	35
United Kingdom 2011	2	8	4.1%	22
United States 2011	4	12	0.5%	12

<sup>19</sup> Figure as at December 2010. Reserve Bank of New Zealand *Financial Stability Report*, May 2011.

<sup>20</sup> New Zealand Centre for SME Research, Massey University.

<sup>21</sup> *Doing Business 2011: Making a Difference for Entrepreneurs* is current as of 1 June 2010. The survey compares how OECD countries perform in terms of delivering regulations that enhance business activity or constrain it. The measure for ease of registering property assumes a standardised case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute.

<sup>22</sup> Fee increases from July 2011 should not raise this cost indicator over 0.1%. As an indicator of the costs for our services alone, the fee for a title transfer and mortgage memorandum for a standard house purchase represents 0.04% of a medium-priced house (\$350,000) as of July 2011.

<sup>23</sup> The World Bank records cost as "a percentage of the property value, assumed to be equivalent to 50 times income per capita."

## Impact measures for Maintaining New Zealanders' confidence in property rights

The following indicators demonstrate whether we are continuing to provide New Zealanders with high levels of confidence in property rights and minimising regulatory red tape.

### Low levels of legal challenge

A key indicator for the integrity (accuracy and security) of our system is the number of legal disputes resulting from our administration of property rights. No High Court challenges were upheld under section 216 of the Land Transfer Act in 2010/11 or 2009/10.

Another indicator is the number of compensation claims paid out for errors made by our staff for lost documents.<sup>24</sup> Table 3 illustrates the low number of claims lodged and payments made, compared with the overall number of transactions we processed and the \$427 billion invested by New Zealanders in property rights.<sup>25</sup>

### Low levels of objections to rating valuations

We continued to see low levels of objections to territorial local authority (TLA) rating valuations from ratepayers, indicating high confidence in the way properties have been valued for rating purposes. Approximately 2% of the 370,000 rating revaluations in 2010 were objected to, a similar level to previous years. Of these objections, 94% were settled within 30% of the original TLA revaluation, compared to 87% in 2009 and 86.5% in 2008.

### Minimising red tape

Reducing regulatory red tape was a key policy driver under the Government's 2010/11 economic objectives. Indicators on our performance include:

- A Treasury review of government agency regulation regimes against best practice principles assessed our property rights regulation highly in all areas.<sup>26</sup>
- An independent review in September 2010 found strong support from TLAs for the role of the Valuer-General and a belief that our approach of regulating 'as little as possible, as much as necessary' is right.
- We maintained a stock of 76 regulatory documents in 2010/11, below our target number of 90.<sup>27</sup>

Performance data on the outputs that contribute to our property rights outcome and impacts are available in our Service performance section on pages 32-34, 42-43 and 57-63.

Table 3: Land titles compensation claims

New Zealanders' net equity in housing assets	\$427b	
	2010/11	2009/10
The approximate costs of administering and regulating the land titles register	\$28m	\$31m
Number of transactions processed	496,455	584,159
The number of current compensation claims administered	10	12
The compensation paid out for current claims	\$12k	\$24k
The legal fees paid out to the Crown Law Office for current claims	\$12k	\$116k

<sup>24</sup> We also include compensation and legal fees paid out if registration of post-settlement documents is prevented by the intervention of an instrument missing from our electronic system at the pre-settlement stage.

<sup>25</sup> A number of claims arise annually due to historical errors or documents lost in the period when the titles system was made up of paper records. This measure monitors performance in our electronic system, so table 3 includes only current claims arising since the electronic system became mandatory. In addition, one-off claims or compensation payments can significantly decrease or increase results in any one year, so we concentrate on five to ten year trends to determine our cost-effectiveness.

<sup>26</sup> Areas included whether our regulation allows for growth, is proportionate, flexible, predictable, and transparent.

<sup>27</sup> In comparison, we had 291 regulatory documents at the start of a five-year review of our regulatory regime (completed in August 2010). Regulatory documents are the tools we use to help mitigate risks in the areas for which we are responsible. These include standards, guidelines, and education material.

# Increasing the productive use of geospatial information

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Geospatial information is about location – where things are or where events are happening. Overlaying different types of geospatial information provides powerful analytical tools for businesses and government agencies to increase efficiencies and make better decisions with their resources.<sup>28</sup> Under this outcome, we want to help increase the annual \$1.2 billion in estimated productivity benefits that geospatial information provides to New Zealand.

Two events this year allowed us to tangibly demonstrate the power of geospatial tools: the Canterbury earthquakes and the development of a spatial plan for the new Auckland super city. This section reports on these efforts and the deliverables outlined in our Statement of Intent 2010-13:

- our continuing leadership of the all-of-government strategy to better connect New Zealand's geospatial information with users, and
- our activities to improve the accessibility and useability of our own important geospatial data.<sup>29</sup>

As part of the revision of our strategic framework, we clarified that our activities can be summarised as the impacts of **Increasing the productive contribution made by New Zealand government geospatial information** and **Increasing the productive contribution made by LINZ's datasets**. The results presented in this section are grouped under these two impacts.

## INCREASING THE PRODUCTIVE CONTRIBUTION MADE BY NEW ZEALAND GOVERNMENT GEOSPATIAL INFORMATION

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### Geospatial information for Canterbury

In the immediate aftermath of the 22 February earthquake, we created streamlined processes for releasing government geospatial information needed by the agencies and emergency rescue specialists involved in rescue and recovery.

As well as supplying our own survey, mapping, and imagery information, we provided technical advice and resources to create a free flow of other government Canterbury geospatial information. The key to getting the 'flow' of data was our offering a spatial viewer developed for Auckland's spatial planning (see next column) to help data holders provide their information in a way that can be easily found, shared, and used. We also worked with data holders to enable appropriate licensing of their information and overcome ongoing issues with data accuracy caused by earth movements.<sup>30</sup>

In the months following February, we have continued to work with the Canterbury Earthquake Recovery Authority (CERA) on their ongoing needs for geospatial data.

### Geospatial information for Auckland

Another opportunity to deliver tangible benefits from geospatial information was our work with the Auckland Policy Office to develop a spatial viewer for the new super city's spatial planning. The viewer enabled 10 central government agencies and others to share and reuse more than 480 data layers, providing a 'big picture' of the interplay of services across the region as part of the spatial plan's development.

The viewer was made available quickly and relatively cheaply, compared to what has been possible in the past.

### A national spatial data infrastructure

Aside from our work in Canterbury and with Auckland's spatial planning, a Government priority for LINZ was to champion New Zealand's geospatial strategy. 2010/11 proved a pivotal year for progressing the strategy's objective of increasing the productive use of New Zealand's geospatial information.

LINZ gained Cabinet agreement in December to the establishment of a national spatial data infrastructure (SDI) that will effectively connect geospatial information with users.<sup>31</sup>

<sup>28</sup> For example, Fonterra uses GIS tools to optimise the routes taken by their milk-tanker fleet.

<sup>29</sup> Another deliverable was to enhance our customer management, which is detailed on page 20.

<sup>30</sup> The licensing is Creative Commons BY under the NZGOAL (New Zealand Government Open Access and Licensing) Framework, which LINZ helped to develop. NZGOAL promotes the release of copyright works for reuse with appropriate licensing.

<sup>31</sup> An SDI connects geospatial data, metadata, users, and tools interactively in an efficient and flexible way. The Cabinet paper, *Capturing the benefits of location-based information*, is available in the New Zealand Geospatial Office section of [www.linz.govt.nz](http://www.linz.govt.nz)

The importance of an SDI was confirmed by research conducted in 2008 that identified it as the best intervention in the short term for removing key barriers to greater use of government geospatial information. These barriers included problems in accessing data, inconsistency in data standards, and a general lack of skills and knowledge about modern geospatial information technology.<sup>32</sup>

In partnership with central and local government, business, academia, and the open data community, LINZ's New Zealand Geospatial Office (NZGO) has finalised a focused SDI work programme, informed by economic modelling that tells us which activities will contribute the most productivity benefits to the economy.

We also published online guidance for technical staff in government agencies that introduces some of the 'how' for sharing their data in an SDI.<sup>33</sup> In addition, the online gateway [www.geodata.govt.nz](http://www.geodata.govt.nz) now allows New Zealanders to easily discover more than 1,000 government geospatial datasets.

#### *Fundamental data*

As part of our wider work programme, the geospatial strategy's governance groups have prioritised 13 nationally important data themes to form the foundation of the SDI, and we began developing policies for funding and managing datasets efficiently.

LINZ has taken on responsibility for ensuring efficient management and sharing of two of the fundamental datasets within these themes: the cadastre and imagery.<sup>34</sup> Many businesses and government and science agencies buy imagery data, and its use as the basis of most geographic information system (GIS) applications continues to grow. Our focus is on better coordination of New Zealand's total imagery collection, including identifying cost-efficiencies.

#### *Increasing research and capability*

To support New Zealand's investment in a national SDI, we coordinate multi-pronged efforts to build the country's research and capability base.

LINZ is a support participant of the trans-Tasman Cooperative Research Centre for Spatial Information (CRCSI) and we are working on several research proposals. This is helping to connect New Zealand into a wider research funding pool and bringing critical international experience to drive our work programme.

The NZGO's efforts to help ensure New Zealand gets the geospatial specialists needed in the near future included building awareness with Immigration New Zealand and the geospatial industry on options for easier immigration processes for skilled workers.

We also assisted with the development of a trans-university Master of GIS programme at the University of Canterbury, and launched a pilot education web portal for providing online lessons for schools, using geospatial technologies and data.

#### *Geospatial data in the wider open data arena*

As Chair of the Government Steering Group for Open Data and Information Re-Use, our Chief Executive led development of a Cabinet paper that seeks the active release of government's high-value public data. The benefits include creating business opportunities and new services, increasing government accountability, and improving policy development by encouraging greater external analysis and community engagement.

Our leadership in the broader arena for open data has also helped ensure that the national SDI will form a key part of New Zealand's knowledge infrastructure, and a key role for geospatial data within the wider framework of the *Directions and Priorities for Government ICT*.<sup>35</sup>

### Re-establishing Canterbury's geodetic survey infrastructure

LINZ's work in Canterbury has also included coordinating geodetic resurvey work to quantify the ground movements caused by the earthquakes, and ongoing work to reinstate a robust, accurate survey network to assist reconstruction.

The quakes caused large vertical and horizontal earth movements.<sup>36</sup> Our survey data, along with data from other agencies, is being used in the reconstruction of core infrastructure, for assessing potential future hazards, and is contributing to decisions about relocation of housing in Christchurch.

<sup>32</sup> *Spatial Information in the New Zealand economy* (August 2009) estimated that securing an effective SDI would have a benefit-to-cost ratio of at least 5:1 where it is costed at \$100 million and only one year of benefits is counted.

<sup>33</sup> The SDI Cookbook, available at [www.geospatial.govt.nz](http://www.geospatial.govt.nz)

<sup>34</sup> The cadastre shows the spatial extent of ownership of land. The New Zealand Transport Agency has taken on responsibility for roads datasets.

<sup>35</sup> Several of the directions and priorities relate directly to the geospatial agenda: provide clear leadership and direction, support open and transparent government, and improve integrated service delivery.

<sup>36</sup> The February earthquake caused the highest ground acceleration ever recorded in New Zealand. Earth movements of several metres occurred next to the Darfield fault, and 20-30 cm regionally across Christchurch. Some parts of Christchurch saw movements in excess of a metre due to liquefaction and lateral spreading.

## INCREASING THE PRODUCTIVE CONTRIBUTION MADE BY LINZ'S DATASETS

A key deliverable in our Statement of Intent 2010-13 was to make our own data more accessible and useable.

### Accessing our data

LINZ launched [www.data.linz.govt.nz](http://www.data.linz.govt.nz), a service that provides access to more than 850 layers of our cadastral, topographic and hydrographic data free of charge.

Our data is widely used for emergency services, planning, and other decision-making so the service has freed up access for these and other users. Efficiency savings of between \$680,000 and \$1.3 million annually across government are possible through the service.

In addition, because our data forms a considerable part of a national SDI, we have already helped to create part of this infrastructure and demonstrated to other agencies how to remove access barriers to data.<sup>37</sup>

### Data quality

We also improved data quality in two areas of importance to our customers.

Our electronic cadastral information defines the spatial extent of land rights in New Zealand. It is essential to our survey and titles operations, and is also extensively used by other local and central government agencies and businesses. A two-year pilot project, begun this year, is increasing data accuracy in priority areas. This will improve the ability of users to overlay this information with virtually all publicly sourced geospatial data.<sup>38</sup>

We took into account the public's priorities for where to focus our efforts. For example, at the request of the Waitaki District Council, we captured survey-accurate data for Omarama, where the development of multiple subdivisions around the town had caused cadastral data distortions. We also worked collaboratively with Rotorua District Council to upgrade data accuracy in local settlements around the Rotorua Lakes.

Another two-year project aims to ensure effective linkages between our electronic titles records and survey datasets. Titles records show who owns what property, and survey datasets show where that property is. We linked 90,000 records this year, reducing the need for our users to invest in correcting inaccuracies or incorrect linkages.

### Other activities

- We continued to implement a leading-edge hydrographic information system, which is increasing our efficiency and enabling us to meet the increasing demand for 'e-navigation' products and services. Without accurate hydrographic data, 98% of New Zealand's trade would be at risk.<sup>39</sup>
- We helped to ensure marine safety after the Canterbury earthquakes by coordinating 'check' surveys of the main shipping channels into Lyttelton and Akaroa Harbours, which are used by a number of large cruise ships.
- Upgrades of New Zealand's network of global navigation satellite system stations were completed to provide streaming of real-time data. This enables positioning at the centimetre level. These streams support companies that provide precise positioning such as those used in precision agriculture.
- Data from New Zealand's tsunami monitoring network supported decision-making by emergency management agencies during the March 2011 Japanese earthquake tsunami alert.
- We brought out second digital editions for the more popular maps in our Topo50 map series to maintain their accuracy and currency, and ensure 100% availability for the series at all times.

<sup>37</sup> We are sharing lessons learned with other data custodians and aim to develop a set of resources to help agencies develop their own data services.

<sup>38</sup> Specifically, we are making 180,000 survey nodes and 44,000 spatial parcels accurate to better than two metres. This accuracy already exists in urban areas, but is generally not available in other areas, i.e. in the country. This initiative was one of the Performance Improvement Activities outlined in our Statement of Intent 2010-13.

<sup>39</sup> Maritime New Zealand Statement of Intent 2011-14.



## MEASURING OUR PROGRESS

We developed measures in our 2011-14 Statement of Intent for evaluating the impacts of our activities on the use of New Zealand's geospatial information. Baseline data for evaluating progress are as follows:

### Impact measures for Increasing the productive contribution made by New Zealand government geospatial information

In 2014, we will evaluate the extent to which productive benefits have accrued from a formal SDI. In the meantime, work programme development has been informed by economic modelling that confirmed our SDI activities should deliver an annual potential gain of \$0.5 billion. We will continue to use this research in our work programme over the next three years.

The following are other indicators of our progress in removing the key barriers (access to data, inconsistent standards, and lack of skills and knowledge) that currently prevent data from being easily discovered, accessed, and shared:

#### *Increase in access and consistent standards*

Through the online LINZ Data Service and provision of spatial tools for Auckland and Canterbury, we have released more than 1,000 data layers for wider use and reuse.

With the publication of the SDI Cookbook, we also took the first step toward removing the role that inconsistent standards play in preventing greater use of data. The Cookbook recommends standards for discoverability, access, and useability. Over 2011/12 and 2012/13, we will establish baselines for the number of government agencies releasing data with SDI-compliant standards.

#### *Increase in skills and capability*

Our capability-building activities should increase the number of GIS professionals available to support growth in the geospatial sector. We will establish a baseline for the number of people involved in the sector in 2012/13 once we develop the means to classify people as geospatial workers.

Current baseline data for two of our other capability measures are:

Measure	2010/11 baseline
100% annual increase in the number of certified GIS specialists over the next three years	8-10 people certified
Increase the number of schools able to access the education web portal (for GIS lessons) by 50% every year for the next three years	As at 30 June 2011, the web portal was being piloted with five schools

### Impact measures for Increasing the productive contribution made by LINZ's datasets

In launching the online LINZ Data Service at the end of the year, we met our target of achieving 100% compliance with dissemination and discoverability standards for the more than 850 data layers released.

We will evaluate whether the service has delivered a projected 5:1 national return on investment in 12-18 months. Research conducted on the geospatial market before the service's launch has helped us understand how we can work with customers over the next year to develop the service. Findings included:

- high levels of anticipated use and a likely growth in uptake of our datasets and expansion of our customer base (particularly from local government)
- 61% of the organisations surveyed anticipate increased usage of geospatial data over the next three years, and
- 71% anticipated a positive impact on their organisation from our data service.

Performance data on the outputs that contribute to our geospatial information-related outcome and impacts are available in our Service performance section on pages 35-41, 43-44 and 64-67.

# Enabling appropriate economic, environmental, and recreational uses of Crown-owned and used land

LINZ manages 8% of New Zealand's land area and regulates the buying and selling of land by all Crown agencies. By carrying out these two functions effectively, we aim to enable appropriate uses of Crown land and protect the interests of the Crown and the public.<sup>40</sup>

The results of our core land management and regulatory activities, responsiveness work in Canterbury, and the key deliverables outlined in our Statement of Intent, are summarised in this section under two broad impact areas.<sup>41</sup>

The variety of land in our portfolio means we perform a complex range of activities on it and consider the sometimes-competing demands of our stakeholders.<sup>42</sup> Consequently, the first impact we seek is to **Manage Crown land more effectively and sustainably** through balancing sustainability with potential revenue and community objectives.

In addition, because a good proportion of our current activities contribute to progressing historic Treaty settlements and priority national infrastructure programmes, we focus on the second impact of **Maintaining our deadlines for these cross-government programmes**.<sup>43</sup>

## MANAGING CROWN LAND MORE EFFECTIVELY AND SUSTAINABLY

### Advice on acquiring Canterbury earthquake properties

LINZ provided land acquisition advice to the Canterbury Earthquake Recovery Authority (CERA), particularly on managing the processes and risks associated with voluntary or compulsory land acquisitions. Our advice contributed to legislation that enables CERA to act with greater speed than the existing Public Works Act legislation allows for acquisition and disposal. This will help accelerate recovery activities in Christchurch while protecting the rights of landowners.

### Increasing effectiveness in our land management

Three particular focus areas for improving our land management were progressing a new rent system for the South Island High Country pastoral leases, growing our portfolio through consolidation of property portfolios from other departments, and development of a new information system for managing Crown land.

#### What we do:

- Risk identification and management
- Biosecurity
- Managing tenancies
- Resolving unauthorised uses
- General maintenance
- Strategies for disposal

#### Our portfolio of more than 5,000 properties includes:

- 219 South Island High Country pastoral leases
- Riverbed land
- The beds of lakes such as Lake Wanaka and Wakatipu
- Major sites such as the Waihi gold mine
- 48 Crown Forestry Licences

<sup>40</sup> As the regulator of all Crown land purchases and sales, we ensure the Crown buys and sells land in a way that meets legislative requirements, advances the public interests, and protects private rights.

<sup>41</sup> The key deliverables were our contribution to Treaty settlements (see page 18) and implementation of the South Island High Country policy (see page 17).

<sup>42</sup> Stakeholders include: central, regional, and local government; lessees and licensees; iwi; and public interest groups.

<sup>43</sup> These two impacts were developed as part of our revision of the LINZ strategic framework. We will continue to focus on this area in 2011/12 and look at more clearly defining measures for demonstrating the effectiveness and sustainability of our land management activities.

### *New pastoral rent system*

As outlined in our Statement of Intent 2010-13, a Government priority for LINZ is to implement a new rent system for the pastoral leases in the South Island High Country. The 1.5 million hectares of pastoral lease land are of national environmental and economic significance – particularly for tourism and primary production.

The new system will set rents for leases based on the earning capacity of each property from pastoral farming.<sup>44</sup> This will allow lessees to farm their leases sustainably and safeguard the land for the future.

We prepared legislation enabling the new system.<sup>45</sup> Working with the High Country Accord, we also made good progress in testing the operational aspects of earning capacity rents. The collaborative, transparent approach we have taken with pastoral lessees has generated a favourable response so far, and helped to provide us with a greater environmental understanding of pastoral lease land.

We also continued to work on resolving the rental disputes caused by lessees objecting to their rental valuations under the previous rent-setting system.

### *Taking on more property portfolios*

LINZ continued to take on an increasing amount of property from other Crown agencies in recognition of the efficiencies we bring to managing property portfolios, risk management capability, and in administering the rights to Crown land that provide both economic and community opportunities.

For example, 7,700 hectares of Crown-owned State Coal Reserve land were transferred to us from the Ministry of Economic Development in early 2011, and we acquired 1,600 hectares of land previously managed by the former Ministry of Tourism.

### *A new information system*

In partnership with the Department of Conservation, LINZ continued development of a new information system for managing the 40% of New Zealand's land area jointly administered between the departments.

Once implemented in early 2012, it will provide a comprehensive source of accurate, high-quality land management information and reporting. In keeping with our increasing focus on shared capability between agencies that manage natural resources, we are also ensuring the system infrastructure can be made available to other government agencies and local authorities.

## Other activities

- Our biosecurity efforts ensured aquatic weed did not impact the 2010 World Rowing Championships and combated a rise in rabbit numbers in the South Island.
- We completed removal of more than 200,000 tyres that had been illegally dumped on one of our Napier properties and which posed a considerable risk to the community.
- Tenure review work during the year contributed to a total (so far) of 230,000 hectares of pastoral lease land transferring into public conservation lands. A further 230,000 hectares of land capable of economic use has been transferred to freehold ownership as part of tenure review.

<sup>44</sup> We also earn revenue for processing applications from lessees to undertake non-farming activities such as tourism initiatives.

<sup>45</sup> The new legislation amends the Crown Pastoral Land Act 1998. It was introduced in December 2010 and is currently awaiting its second reading.

## MAINTAINING OUR DEADLINES FOR TREATY SETTLEMENTS AND PRIORITY INFRASTRUCTURE PROGRAMMES

### Treaty of Waitangi settlements

The second Government priority outlined in our Statement of Intent 2010-13 is our contribution to the cross-government programme for settling historic Treaty grievances.<sup>46</sup>

In doing so, we help to provide iwi with asset bases for enhancing Māori economic development and investing in regional development, industries, and jobs.

LINZ is involved in every settlement, and at crucial stages. Our services include policy and land transaction advice and management of land held for future settlements.<sup>47</sup>

Two achievements in 2010/11 were the transfer of 6,865 hectares of Crown forest land to Ngāti Apa, and the establishment of new formal relationships with iwi involved in the Waikato River Settlement over the future management of riverbeds and lakebeds.

An additional focus was the establishment of formal relationship management structures with the Office of Treaty Settlements (which leads the Treaty settlement programme) and other organisations. This has helped us to manage our significant programme of work in line with the Office's timeframe.

### Priority national infrastructure programmes

A key part of the Government's economic strategy for 2010/11 was investment in productive infrastructure, such as the Roads of National Significance (RoNS) and the North Island Grid Upgrade.

LINZ provides a centralised service for reviewing and signing off all purchases and sales by Crown agencies. Our work here continued to play a small but important role in progressing key infrastructure developments that involve land acquisitions from private property owners.

This year, we managed a 30% increase in volumes within 90% of the timeframes of the agencies running the projects. In doing so, we ensured acquisitions and disposals were conducted in ways that protect the interests of both government agencies and private landowners.

The New Zealand Transport Agency is charged with delivering the RoNS projects within the next 10 years.

The RoNS have been designated as 'lead infrastructure' projects, which means they enable economic growth rather than simply respond to it. The aim is that the projects will move people and freight between New Zealand's largest population centres more safely and efficiently.

<sup>46</sup> The Government's aspirational goal is settlement of historic Treaty grievances by 2014.

<sup>47</sup> The New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa also provides advice on Treaty names as part of the cultural redress component of settlements. You can read more about this in the Board's annual report, available at the Place Names section of [www.linz.govt.nz](http://www.linz.govt.nz)

## MEASURING OUR PROGRESS

We developed measures for assessing progress in enabling appropriate uses of Crown land in our Statement of Intent 2011-14. In particular, we outlined how we will evaluate the impacts – or direct results – of our activities.

We expect to see improvements in these impact measures in the mid to long term rather than year to year. Consequently, the following discussion outlines baseline data and future plans for evaluating our progress.

### Impact measures for Managing Crown land more effectively and sustainably

#### *Pastoral leases*

The South Island High Country pastoral estate is a focus area for evaluating the impact of our land management because of the significance of the leases to New Zealand's economy and environment, and because they make up approximately 70% of the land we manage.<sup>48</sup>

We will conduct research in 2011/12 on the downstream economic and social benefits resulting from tenure review, and evaluate in 2012/13 the range of benefits associated with the commercial and recreational uses of High Country land. This will help determine how our work is enabling appropriate economic, environmental, and recreational uses of high country pastoral land.

Once the legislation for pastoral lease earning capacity rents is enacted by Parliament and implemented, we will assess the cost-effectiveness of the new rent system. Current key data are:

- The \$ cost per lease rental assessment is approximately \$10,000.
- 94% of pastoral lease rent reviews are in dispute. We aim to resolve 95% of these by 2014.
- 94% of the rents notified to lessees over the past five years have been objected to. We aim to decrease the number of rental objections.

#### *Other measures for the effectiveness of our land management*

In our Statement of Intent 2011-14, we also established measures for key aspects of our Crown land management and set targets for 2011/12.<sup>49</sup> Data for 2010/11 are:

#### **2010/11 results**

17,100 hectares of pastoral lease land were released into freehold and 21,200 hectares designated for public conservation land

90 hectares of non-pastoral, non-Crown Forest land were released for disposal to the private sector, and 87 hectares for community or other government use

6,865 hectares of Crown Forest land were released for disposal to the private sector

Sales revenue from properties released for disposal was \$4.446 million (2011/12 target is \$6 million +/- 10%)

Aged debtors represented 1.35% of our rent revenue at 30 June 2011 (2011/12 target is to maintain or reduce the value of aged debtors on a monthly basis)

19 land-related liabilities were resolved (2011/12 target is 15 within a range of 10-30)

The overall satisfaction rating of biosecurity stakeholders with our annual programme was 3.8 out of 5 (satisfactory)

### Impact measures for Maintaining our deadlines for contributing to Treaty settlements and priority infrastructure programmes

A priority this year was to ensure ongoing alignment of our Treaty settlement work with the Office of Treaty Settlement's programme and the 2014 timeframe for negotiating historic claims. Anecdotal feedback has been positive, and we are developing stakeholder feedback measures in 2011/12 to monitor this formally.

Despite a 30% increase in our workload, we met 90% of the New Zealand Transport Agency's timelines for reviewing and signing-off property purchases and sales for national infrastructure programmes. We achieved this through a combination of reallocating workload, using some additional resources, and reprioritising resources from within our Crown property management team.

That we saw no increase in court actions along with the 30% increase in workload indicates we were successful in protecting the interests of the Crown and private landowners.

Performance data on the outputs that contribute to our land management outcome and impacts are available in our Service performance section on pages 45-53 and 57-60.

<sup>48</sup> The leases make up approximately 5.5% of New Zealand's total land area.

<sup>49</sup> Some of these are output measures. Our performance in delivering Crown land management outputs is reported on pages 45-53.

# Improving our organisational performance

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LINZ continued to implement the key organisational improvements critical to achieving our outcomes and increasing the cost-effectiveness and sustainability of our core service delivery.

## OUR PEOPLE AND CUSTOMERS

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Two of our key strategies are to ensure we have a skilled, agile workforce that can deliver our strategic aims – our people strategy – and to keep improving our services to customers – our customer strategy – within an ongoing focus on fiscal restraint.

2010/11 was pivotal in terms of implementing organisational design changes to support these strategies.

We finished the transition of our IT infrastructure management to an outsourced infrastructure and development environment in April 2011, and undertook a realignment of functions between our Customer Services and Strategic Development and Support<sup>50</sup> groups. These changes will better enable us to deliver our data and services in innovative ways and meet our customers' needs more cost-effectively. The realignments have also boosted our strategic planning function and capability to deliver geospatial priorities.

Another driver behind the changes to our IT delivery is the greater cost visibility and efficiencies our new structure will deliver. We anticipate saving 7% from our 2010/11 IT baseline in 2011/12 and 11% in out-years.

These changes came within the same year as the planned closures of our Auckland and Dunedin processing centres, which encompassed a dedicated programme of work in ensuring a smooth business transition and supporting departing staff.<sup>51</sup>

### Our customers

LINZ introduced a new customer strategy at the beginning of 2010/11, which gives us a clear direction for improving our customers' experiences and optimising the cost to serve them.

Roll-out of the initiatives under the strategy began with the organisational changes outlined above and development (continuing into 2011/12) of a more flexible customer segmentation model, which is increasing our understanding of LINZ's growing and changing customer base. Both are necessary first steps for improving the consistency of our customers' experiences and developing more cost-effective channels.

### Leadership capability

A priority under our people strategy is to ensure our people managers and technical leaders help shape and articulate LINZ's strategic direction and focus their teams on high performance and innovation within a more complex operating environment.

As well as initiatives run internally, we led the collaborative delivery of targeted leadership development programmes for agencies in the Natural Resources Sector (NRS). These are now into their second cohorts. Anecdotal feedback is that we are seeing evidence of significant behavioural shifts in our third-tier managers. We will evaluate these programmes formally in 2011/12.

This sector approach is also proving strategically important as a platform for removing barriers between agencies and establishing stronger inter-agency relationships. For example, we increased the number of secondments into and from LINZ. This is proving a cost-effective means for importing staff with skills at critical times, and providing opportunities for our staff and leaders to contribute to the wider aims of the public sector.

### Increasing skills and expertise

In 2009/10, we developed a new learning and development framework to better target training opportunities at strategically important capability areas and provide more on-the-job learning. We will be in a better position to evaluate the new framework in subsequent years, but anticipate the training focus on building priority competencies will result in a better return on investment.

We also continued initiatives for building our staff's technical skills, and are on track to map career paths for key technical positions and implement succession planning by the end of 2011. This is a particular priority because of the ageing demographic of our workforce (especially in technical areas)<sup>52</sup> and the broad range of technical activities we deliver, which require specialist skills and expertise – hydrography, property portfolio management, overseas investment law, property law, and surveying are a few examples.

<sup>50</sup> Includes human resources, finance, knowledge management, and communications.

<sup>51</sup> In addition, we reorganised the Overseas Investment Office to create workflow efficiencies and bolster our capacity in post-consent monitoring, investigations, and enforcement.

<sup>52</sup> Seventeen percent of our current workforce will be aged 65+ in ten years' time.

## Performance planning and reporting

As part of an ongoing focus on improving performance planning and reporting, we revised our strategic framework to provide more clarity on the outcomes and impacts LINZ delivers to New Zealanders.

We also devised a more comprehensive set of measures to evaluate progress in achieving our outcomes, impacts, and outputs and linked them into individual performance agreements for 2011/12.

These new measures have been used in this annual report and will be refined as we continue to improve strategic planning and research and evaluation capability.

LINZ was among the first tranche of agencies to go through a formal Performance Improvement Framework (PIF) review in the year. PIF is overseen by the central agencies and undertaken by independent reviewers.

The results of the formal review, published in September 2010, helped to inform our priority areas for improving performance, such as our cross-government leadership of the geospatial strategy and measurement and review.

We published an action plan for addressing these priority areas, and have incorporated PIF ratings into our measurement framework to monitor our progress. These can be found in our most recent Statement of Intent.

A recent external review found LINZ has already addressed many of the areas identified by PIF.

## Our workforce

Table 4: Workforce trends

	30/6/08	30/6/09	30/06/10	30/6/11
Staff (head count)	521	533	499	441 <sup>53</sup>
Full-time equivalent staff (FTEs)	515	523.1	493.4	435.4 <sup>54</sup>
Fixed-term staff (FTEs)	30.7	20.2	18.6	16.6
Female staff as a % of head count	42%	45%	46.7%	48.8%
Annual leave average balance (days)	19.1	17.6	18.5	18.4
All annualised turnover (%)	19.4%	21.9%	18.8%	28.1%
Core unplanned annualised turnover (%)	8.3%	9.0%	8.2%	13.7%

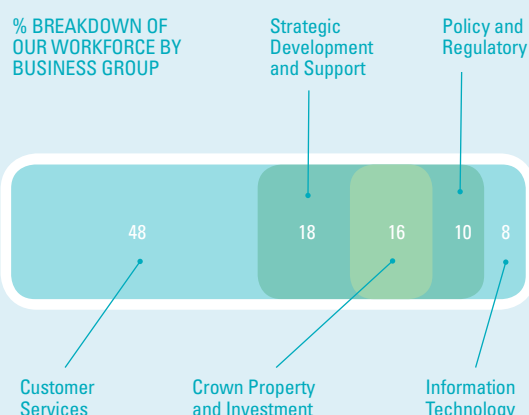
As table 4 shows, LINZ employed 435.4 full-time equivalent employees at the end of June 2011, within the establishment supplied to the State Services Commission.

The increase in both all turnover and core unplanned turnover this year was not unexpected due to the degree of organisational change in our business groups and staff leaving ahead of the completion of these changes.

### Good employer focus

We comply with principles of being a good employer – we offer good and safe working conditions and impartial recruitment and selection processes, as well as fair and responsible employment practices and policies for all staff.

Diagram 2: A breakdown of our workforce by business group<sup>55</sup>



<sup>53</sup> Figures in this line exclude our Chief Executive.

<sup>54</sup> Figures in this line exclude our Chief Executive.

<sup>55</sup> Figures shown are each business group's percentage of the total LINZ headcount as at 30 June 2011.

## INCREASING VALUE FOR MONEY

Along with making some key people capability shifts in 2010/11, we also implemented strategies to continue our strong track record of delivering value for money.

### Managing our revenue

LINZ is substantially funded through revenue gained from charging customers for our services. In 2010/11, 47% of our total revenue came from customer (or third-party) fees and 53% from the Crown (i.e. it was taxpayer funded).

#### Survey and titles operations

Over the past few years, our major revenue challenge has been to manage the impact of declining property market activity on our survey and titles revenue. Driven by global and national economic conditions, survey and titles transactions have dropped 47% since 2006/07.

We operate the survey and titles system on a full cost-recovery basis, and have been proactive in reducing costs since the onset of the recession, beyond the already considerable efficiencies made in the introduction of electronic transactions.<sup>56</sup> Annual operating costs have fallen from \$67 million in 2003 to \$49.3 million in 2010/11, which includes \$3 million in identified efficiencies and savings in 2010/11 from office accommodation, staff, and IT systems and support.

With an operating costs deficit of \$13.1 million in 2010/11, we took other immediate steps to stabilise survey and titles revenue, including gaining Cabinet agreement to a 30% fees increase from July 2011 and a \$12 million Crown capital contribution for 2010/11.

LINZ also accelerated development of a comprehensive programme for ensuring the ongoing sustainability of our survey and titles operations. Broadly, this encompasses enhancing our market forecasting capability and performance reporting, reviewing and implementing changes to our funding model, and assessing possible alternatives to the business model for delivering these services.

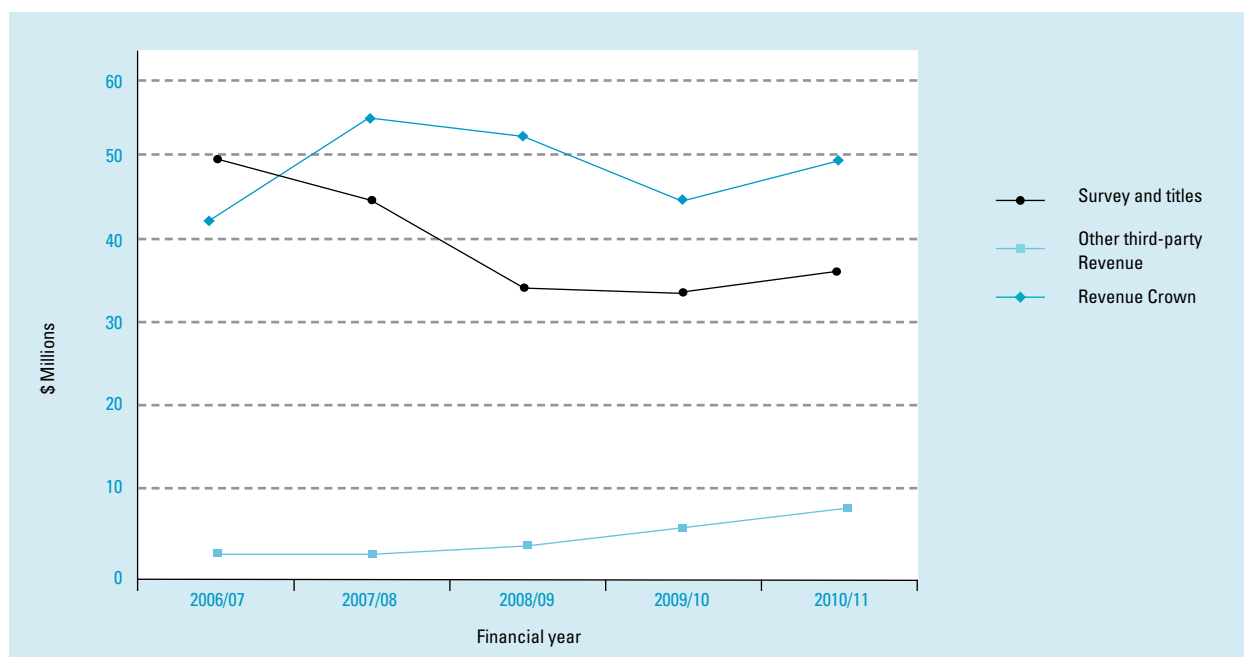
We are improving our forecasting capability and performance reporting to enable better analysis and anticipation of, and response to, property market fluctuations and longer-term trends. In addition, we are making good progress in developing a more transparent cost-modelling methodology, enabling easier identification of future cost-efficiencies.

#### Crown revenue

Careful cost management and prioritisation of Crown revenue have helped to deliver our work programme and manage budget pressures in priority areas such as Treaty settlements and our recovery and rebuilding work in Canterbury.

A small increase in Crown revenue from 2009/10 (as shown in graph 1) is due to a one-off \$850,000 appropriation for 2010/11 and 2011/12 for geodetic survey work in Canterbury and \$3.65 million in expense transfers, primarily for delayed hydrographic surveys and tenure review projects.

Graph 1: Trend in LINZ revenues



<sup>56</sup> We estimate, based on Reserve Bank CPI calculators, that a \$50 million paper-based survey and titles operation in 1999 would cost approximately \$70 million today.



#### *Other business delivery enhancements and efficiencies*

- LINZ was among the 33 agencies provided with benchmarking information on the effectiveness and efficiency of our support services under the Treasury-led Better Administration and Support Services (BASS) review.

Given our reliance on technology to deliver services and drive innovation, it was unsurprising that IT accounted for 74% of our BASS total spend compared to 57% across the 33 agencies. The changes we implemented to our IT infrastructure management aim to increase the effectiveness and efficiency of our investment.

We identified office accommodation and finance management as other areas to improve performance. A relocation of our Wellington office in 2011/12 will result in significant cost and space efficiencies. We are also implementing a new financial management information system, which will increase the efficiency and effectiveness of our finance team and enable us to more proactively target efficiency improvements in areas such as staffing levels.

- We have signed up to government initiatives such as one.govt and the Ministry of Economic Development-led programme for procurement of PCs, printers, and multi-functional devices.<sup>57</sup>
- We joined a print procurement cluster led by the Ministry of Social Development that is set to decrease like-for-like printing costs by 40%.

### Natural Resources Sector

A priority for LINZ this year was to contribute to the effort of agencies in the Natural Resources Sector to lift the quality and coordination of strategic policy advice and investigate opportunities for sharing capability and enhancing value for money.<sup>58</sup>

We seconded a staff member fulltime into the NRS's secretariat and contributed to the development of its policy output, which included national policy statements on biodiversity and fresh water and a think piece we led on land administration.

We also appointed a new Policy and Regulatory General Manager to our senior leadership team with a specific mandate to develop options for enhancing strategic natural resources policy advice to Government.

LINZ chairs the NRS's Shared Capability steering group and drew together a comprehensive work programme to progress shared capability in areas such as finance, leadership, and geospatial information. To help inform these work programme priorities, the NRS drew from common baseline and measurement information obtained in the BASS benchmarking review.

As outlined elsewhere in this report, our other contributions included leading successful programmes for building leadership capability and development of a joint Crown land management information system with the Department of Conservation.

<sup>57</sup> one.govt is the IT networking service being offered to State agencies.

<sup>58</sup> The other agencies in the NRS are the Department of Conservation, Ministry for the Environment, Ministry of Agriculture and Forestry, Department of Prime Minister and Cabinet, Te Puni Kōkiri, Ministry of Economic Development, the Treasury, and the State Services Commission.

## MEASURING OUR PROGRESS

Measures for monitoring success in making key organisational improvements are outlined in our Statement of Intent 2011-14. Current data for these performance indicators include:

### People capability

We will look to evaluate improvements to leadership and technical capability through:

- an improvement in our people's rating of whether 'the leadership of my organisation makes me enthusiastic about the future' from the 3.2 score in our inaugural 2009/10 Gallup employee engagement survey<sup>59</sup>
- an improvement in the turnover of our technical workforce with less than two years' tenure in the Customer Services and Crown Property and Investment business groups (unplanned turnover in 2010/11 was 11%), and
- increased internal movement: 23% of our vacancies in 2010/11 were filled by staff.

Due to the amount of organisational change in 2010/11, our senior leadership team paid close attention to staff engagement levels and our people's understanding of the rationale for change.

We delayed an organisation-wide Gallup engagement survey following the February 2011 earthquake, and will report in our next annual report on whether our overall engagement score improved from 3.64 in 2009/10.<sup>60</sup> Two indicators in lieu of this survey came from exit interviews with staff leaving LINZ, which found 62% of participants agreed or strongly agreed that staff communications had kept them informed of what went on at LINZ and 62.8% that they understood our strategic direction.<sup>61</sup>

In comparison, exit interviews conducted in the year to September 2010 found 45% agreement/strong agreement on our communications and 41% on understanding of our strategic vision.

### Value for money and cost management

While we will assess progress in ensuring the longer-term sustainability of our survey and titles operations in future years, we anticipate the immediate steps taken with our fees and expense structure will result in a small third-party revenue surplus in 2011/12. Current data on our targets for improving administration and support services metrics are:

	2010/11 baseline	Expected savings and efficiencies
Annual IT baseline	\$27m	Annual baseline saving of 7% in 2011/12 and 11% in out-years
Cost of finance function by process	\$1.483m	Full savings realisation of \$100,000 a year by 2012/13
Wellington Office accommodation costs	\$2.195m	\$567,000 annual saving by 2012/13
Accommodation space efficiency	19.20 average square metres (sqm) per workstation	Efficiency of 4.20 sqm per workstation by 2012/13

<sup>59</sup> The State services average score for this question was 3.6.

<sup>60</sup> The average State services score for overall engagement was 3.73.

<sup>61</sup> We monitor the results of exit interviews every quarter as part of the suite of tools for people planning and reviewing. The samples for these interviews are small compared to those for the Gallup engagement survey and we would expect the scores to be more negative.

## Customers

We are developing key performance indicators for monitoring the success of our customer strategy initiatives.

Our most recent research on survey and titles customers found 87% overall satisfaction with the electronic transaction system, Landonline. The research also indicated an appetite from customers for continuing improvement to our electronic service delivery, which will help guide our customer strategy initiatives.

The most recent customer ratings for overall satisfaction with our other services and products are:

Survey and titles bulk data service	70%
Hydrographic products and services	85%
Topographic products and services	65%
Geodetic products and services	65%

### Performance planning and reporting

The Office of the Auditor-General assessed our service performance information and associated systems and controls for 2009/10 as 'needing improvement'.

We will use this as one indicator in future years for whether our performance planning and reporting initiatives – such as a review of our output class structure – are improving our ability to demonstrate performance.

### Natural Resources Sector

The Natural Resources Sector's work should result in improvements to the quality and integration of policy advice over time. This will be evaluated more formally in 2011/12. Anecdotal evidence indicates Ministers are receiving coordinated advice on natural resources priority areas such as water, aquaculture, and climate change.

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# Service performance

This section describes how the output classes we deliver under Vote Lands contribute to the outcomes we seek for New Zealanders, and assesses our delivery of outputs against the performance measures set out in the *Information Supporting the Estimates* for 2010/11.

# Statement of Responsibility

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In terms of sections 35 and 37 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 2011.



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Colin MacDonald  
CHIEF EXECUTIVE  
Land Information New Zealand  
30 September 2011



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Countersigned by:

Nick Green  
ACTING CHIEF FINANCIAL OFFICER  
Land Information New Zealand  
30 September 2011

## TO THE READERS OF LAND INFORMATION NEW ZEALAND'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION AND SCHEDULES OF NON-DEPARTMENTAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of Land Information New Zealand (the Department). The Auditor-General has appointed me, G J Taylor, 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 71 to 90, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2011, 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; and
- the non-financial performance information of the Department that comprises the statement of service performance on pages 29 to 69 and the report about outcomes on pages 4 to 19; and
- the schedules of non-departmental activities of the Department on pages 91 to 104 that comprise the schedule of assets, schedule of liabilities, schedule of commitments and schedule of contingent liabilities as at 30 June 2011, 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 71 to 90:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Department's:
    - financial position as at 30 June 2011;
    - 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 2011;

- the non-financial performance information of the Department on pages 4 to 19 and 29 to 69:
  - 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 2011, 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 91 to 104, fairly reflect:
  - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2011 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 2011. 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 would affect a reader's 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.

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. 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;
- schedules of non-departmental activities, in accordance with the Treasury Instructions 2010 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, 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'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 New Zealand Institute of Chartered Accountants.

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



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**G J Taylor**  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand

# How our outputs contribute to our outcomes

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We deliver our output activities for managing transactions, information, and land through nine output classes. These outputs all contribute to the direct impacts – or results – we want to achieve and the three outcomes set out in the Year in review part of this annual report.

This section outlines these output, impact, and outcome linkages.

## CAPTURING AND PROCESSING DATA AND DELIVERING GEOSPATIAL DATA AND INFORMATION

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The Land and Seabed Data Capture and Processing output class and Land and Seabed Information Access and Dissemination output class contribute to our outcomes for the property rights system and increasing the productive use of geospatial information.

### Property rights

Under these output classes, we:

- provide the electronic survey and titles system and support the customers who use it
- register titles transactions, approve cadastral survey datasets, and issue new land titles, and
- provide survey and titles records to customers and access to geodetic information.<sup>62</sup>

Doing this effectively, efficiently, and securely achieves our intended impacts: making it easy to transact property rights, and ensuring New Zealanders can be confident that their property rights are accurately recorded and secure. In turn, the property rights system then plays an important foundational role in encouraging trade, commerce, and wellbeing.

### Geospatial information

These two output classes also encompass our collection and management of authoritative geospatial data, provision of geospatial products and services to customers, and leadership of the all-of-government geospatial strategy.

Our products need to be accurate and authoritative because they support many government functions such as emergency services, and everyday activities such as safe navigation.

Increasingly, our geospatial data is being put to a multitude of other uses as GIS technologies allow data to be overlaid with other kinds of information. Through focusing on improving the quality of our data and access to it, we should increase its productive use.

More widely, through the activities we coordinate as leaders of the New Zealand Geospatial Strategy, and the geospatial policy advice funded through this class, we should see an increase in the productive use of all New Zealand government geospatial information.

## CROWN LAND MANAGEMENT AND DISPOSAL SERVICES

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Under the Crown Property Management and Disposal Services output class, we deliver all our land management activities and provide expert statutory decision-making on all purchases and sales of land by Crown agencies.

In performing our activities well, we are helping to make the best use of Crown land now and safeguarding land for the future.

In addition, through our Treaty settlement activities and role in signing-off Crown land purchases, we contribute to wider Government priorities for settling historic Treaty grievances, and developing national infrastructure projects important to economic growth.

## THREE OUTPUT CLASSES THAT SUPPORT ALL OUR OUTCOMES

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Three of our output classes support all our outcomes through providing a robust ICT platform, policy expertise, and regulatory frameworks that underpin and enhance our service delivery.

The Land and Seabed Information Storage and Management output class provides our IT systems and security of our geospatial datasets. Because LINZ relies heavily on technology to deliver our activities, this output class is critical to our land transactions and geospatial service delivery in particular.

Our policy advice to the Government and Minister for Land Information covers land management and property rights and contributes to delivering these activities more effectively. For example, expert policy advice has been core to our Government priority for implementing the Government's South Island High Country Policy, which aims to improve outcomes for management of pastoral lease land.

The Standards and Quality Assurance output class provides for regulation of property rights, Crown property management, rating valuations, and our geospatial information. Through regulating internally (our own activities) and externally (customers such as surveyors and conveyancers), we aim to minimise risks that could adversely affect confidence in property rights, the accuracy of geospatial information, and effective Crown land management.

<sup>62</sup> Customers for this information include industries involved in land development.

## PROCESSING OVERSEAS INVESTMENT APPLICATIONS

The output class for Administration of the Overseas Investment Act 2005 funds our processing of overseas investment applications, monitoring of compliance with consent conditions, and investigation of suspected breaches of the Act.

By continuing to increase our effectiveness in these activities and providing robust decision-making, we help the regulatory regime achieve a balance between adequately protecting New Zealand's sensitive assets and facilitating beneficial overseas investment.

## PLACE NAME ACTIVITIES AND OCEAN SURVEY 20/20 PROGRAMME

Two small output classes contribute to the outcome for productive geospatial information.

Under the output class, Administration of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008, we administer the Board's role in official place naming.

Place names preserve New Zealand's heritage and culture. Collectively, place names are also geospatial information that identify New Zealand features and locations by name. Through its activities, the Board ensures people can communicate effectively about location.<sup>63</sup>

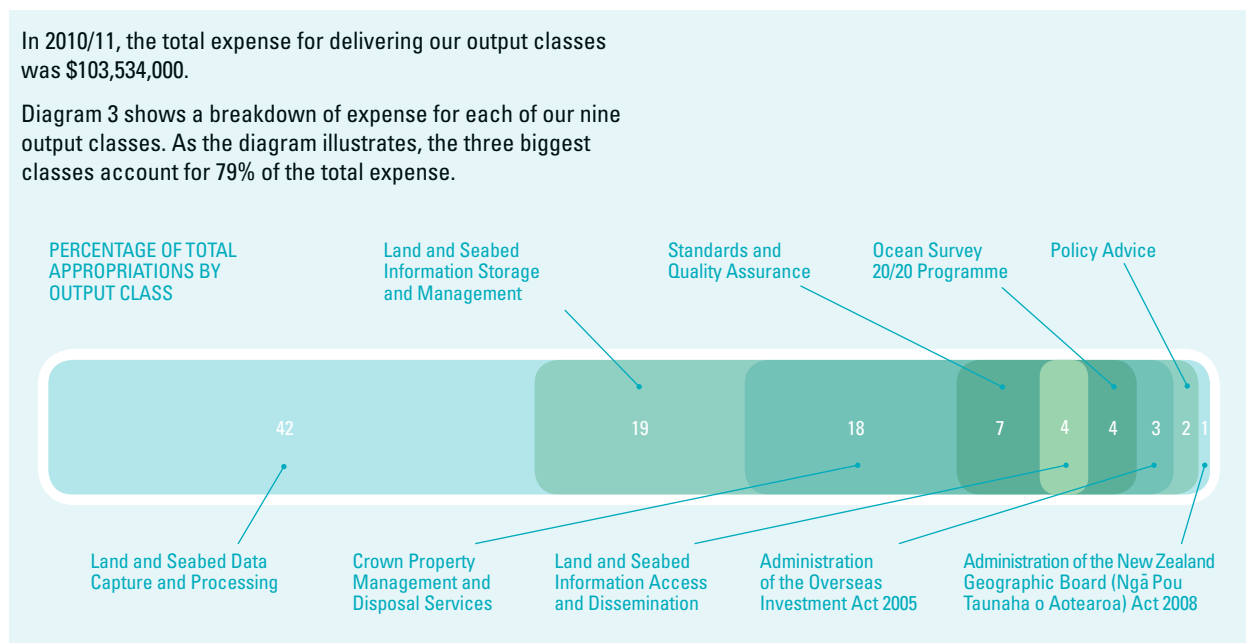
Under the output class for the Ocean Survey 20/20 Programme, LINZ is the coordinating agency. This whole-of-government initiative aims to provide better knowledge of New Zealand's ocean territory to:

- demonstrate stewardship and exercise its sovereign rights
- conserve, protect, manage, and sustainably utilise New Zealand's ocean resources, and
- facilitate safe navigation and enjoyment of the oceans around New Zealand.

Diagram 3: Output class expenses

In 2010/11, the total expense for delivering our output classes was \$103,534,000.

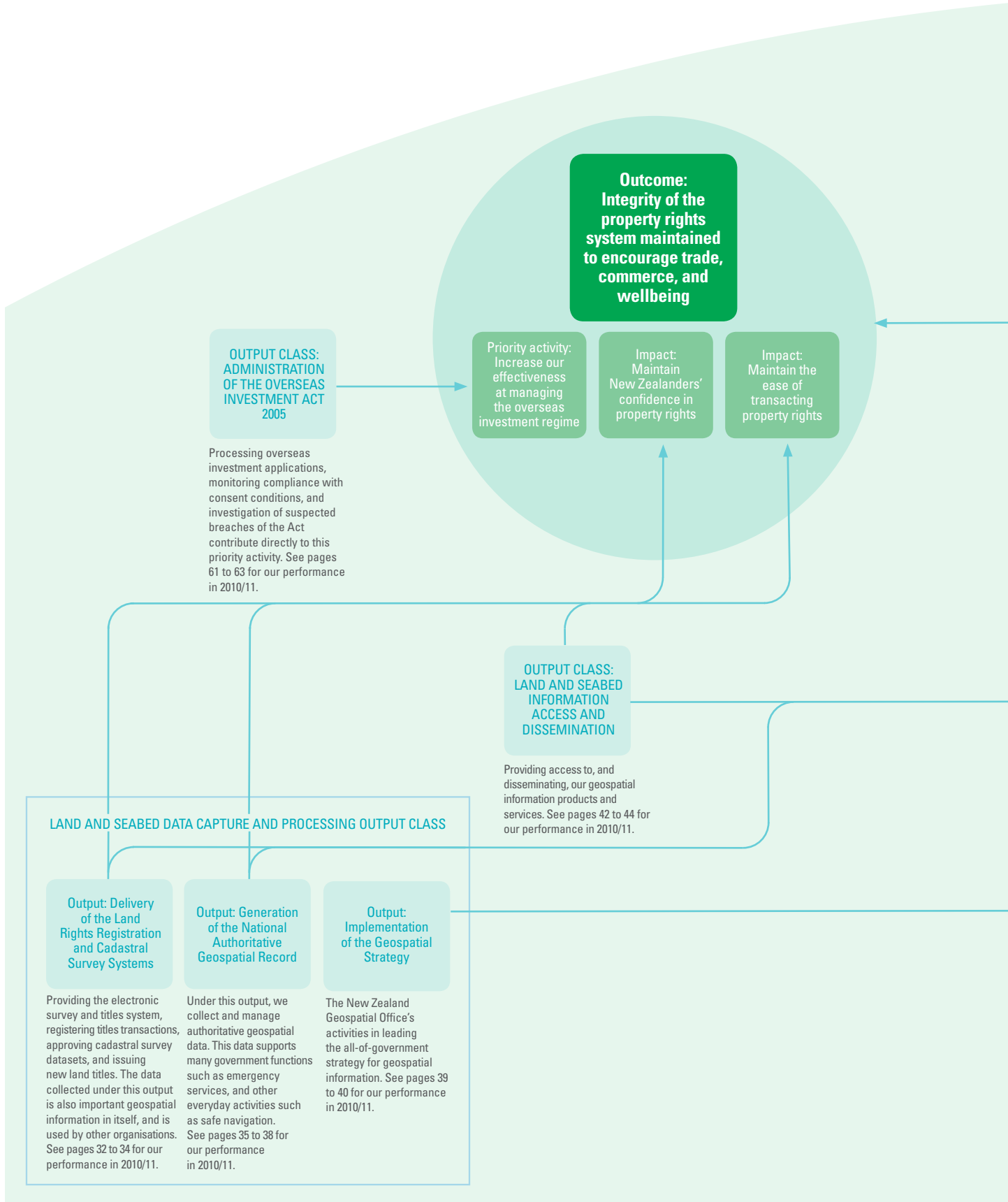
Diagram 3 shows a breakdown of expense for each of our nine output classes. As the diagram illustrates, the three biggest classes account for 79% of the total expense.



<sup>63</sup> Most crucially, place names are essential in emergency situations. Place names are one of the 13 fundamental data themes for the spatial data infrastructure (SDI). See pages 12-13 for more on the SDI.



# Diagram 4: How the activities delivered under our outputs contribute to our three outcomes



**OUTPUT CLASS:  
STANDARDS  
AND QUALITY  
ASSURANCE**

Managing the regulatory frameworks for property rights, rating valuations, Crown property management, and geospatial information. See pages 59 to 60 for our performance in 2010/11.

**OUTPUT CLASS:  
POLICY ADVICE**

Delivering policy advice to the Government and Ministerial support. See pages 57 to 58 for our performance in 2010/11.

**OUTPUT CLASS:  
LAND AND SEABED  
INFORMATION  
STORAGE AND  
MANAGEMENT**

The efficient and secure management of our databases and systems for managing data. See pages 54 to 56 for our performance in 2010/11.

**CROWN PROPERTY MANAGEMENT  
AND DISPOSAL SERVICES OUTPUT CLASS**

**Output: Crown  
Property  
Management  
and Disposal  
Services**

Delivering all the activities that contribute to the management of Crown land in our portfolio. See pages 45 to 51 for our performance in 2010/11.

**Output: Delivery  
of the Crown  
Property  
Clearance  
Service**

Our role in providing statutory decision-making on the acquisition and disposal of Crown-owned land. See page 52 for our performance in 2010/11.

**Outcome:  
Increasing the  
productive use  
of geospatial  
information**

**Impact:**  
Increase the  
productive  
contribution  
made by  
New Zealand  
government  
geospatial  
information

**Impact:**  
Increase the  
productive  
contribution  
made by  
LINZ's datasets

**OUTPUT CLASS:  
OCEAN SURVEY  
20/20  
PROGRAMME**

Delivering the activities under the Ocean Survey 20/20 Programme, which aims to provide New Zealand with better knowledge of its ocean territory. See pages 64 to 65 for our performance in 2010/11.

**OUTPUT CLASS:  
ADMINISTRATION  
OF THE  
NEW ZEALAND  
GEOGRAPHIC  
BOARD (NGÁ POU  
TAUNAHA  
O AOTEAROA)  
ACT 2008**

Administering the official place naming activities of the Board. See pages 66 to 67 for our performance in 2010/11.

**Outcome:  
Enabling appropriate  
economic,  
environmental,  
and  
recreational uses  
of Crown-owned  
and used land**

**Impact:**  
Manage Crown  
land more  
effectively and  
sustainably

**Impact:**  
Maintain our  
deadlines for  
contributing to  
Treaty settlements  
and priority  
infrastructure  
programmes

# Summary of our performance by output class

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The following section, on pages 32 to 69, summarises our performance against the measures set out in the *Vote Lands Information Supporting the Estimates 2010/11*.<sup>64</sup>

As part of our ongoing focus on performance improvement and measurement, we revised our measures for assessing output performance in 2010/11 along with our outcomes framework (see page 4). These revised measures are included in the performance information presented in this section.

For the purposes of transparency, we have added notes in the text to highlight where the revised output measures differ slightly from those published in the *Vote Lands 2010/11 Information Supporting the Estimates*.

In addition, each measure in the *Information Supporting the Estimates* that we have not reported against, or that we have modified significantly, is listed on page 69 along with an explanation.

We also plan to review our output class structure in 2011/12 to create a better alignment between outputs and outcomes, and costs and revenues. This should increase the clarity of our financial and non-financial performance reporting in future.

<sup>64</sup> We have also included some additional measures specified in our output plan agreement with the Minister for Land Information.

# Land and Seabed Data Capture and Processing

## Collecting and authorising land data and information (or geospatial information) in accordance with the regulatory frameworks

There are three outputs in this output class:

- Delivery of the Land Rights Registration and Cadastral Survey Systems
- Generation of the National Authoritative Geospatial Record
- Implementation of the Geospatial Strategy.

### DELIVERY OF THE LAND RIGHTS REGISTRATION AND CADASTRAL SURVEY SYSTEMS

Under this output, we provide the online system for electronically lodging, registering, and approving titles transactions and cadastral survey datasets (or plans).<sup>65</sup>

We also register titles transactions and approve cadastral survey datasets lodged by customers after confirming the transactions and datasets comply with regulatory standards.<sup>66</sup> We issue new land titles following these lodgements.<sup>67</sup>

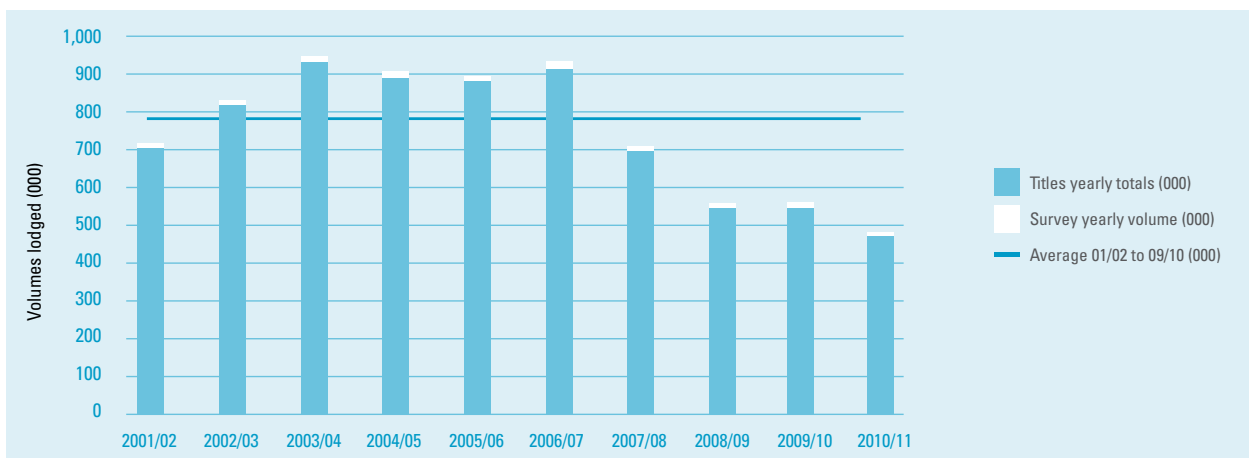
#### Summary of performance

##### *Lodgement volumes affected by lower property market activity*

The decline in property market activity continued to affect transaction volumes in 2010/11. We finished the year 23% below forecast titles transactions and 17% below survey transactions. Graph 2 illustrates the trend in survey and titles lodgement volumes since 2001/02.

In response to lower volumes, we continued to focus on cost-efficiencies and identified savings of \$3 million in 2010/11 in the fixed cost areas of office accommodation, staff, and IT

Graph 2: Trend in survey and titles lodgement volumes



systems and support. Overall, operating costs have fallen by 25% between 2003/04 and 2010/11.

As part of ensuring the ongoing sustainability of our survey and titles operations model, we also reviewed our model for planning staffing levels. The review indicated the need for more robust time and motion study data to increase the accuracy of our FTE forecasting. We undertook a study in early 2011/12.<sup>68</sup>

#### *Maintaining business continuity through the earthquakes*

With one of our two land transaction processing offices based in Christchurch, the earthquakes and aftershocks throughout the year affected our service performance in 2010/11. The Christchurch premises closed for two months, and access to paper records necessary for business purposes was restricted at times.

We maintained good overall business continuity due to the decision made in the last decade to consolidate processing into two locations rather than one, the automation of most straightforward transactions,<sup>69</sup> overtime provisions, and the efforts of staff in Hamilton and Christchurch. Although, as noted in the measurement table on the next page, we did not meet our timeliness standards for processing 90% of manual titles transactions within 10 working days, we did achieve an overall average of 85.9% throughout 2010/11.

#### *Increasing focus on survey and titles data quality*

Accuracy in our processing has always been an important factor in maintaining the system's integrity. We were 99.88% error free in our titles processing, compared to 99.85% for 2009/10. For the instances where we recorded errors, we have strict processes for ensuring corrections are made to the titles register.

<sup>65</sup> Landonline is an electronic system that integrates the information infrastructure of the property market – land rights registration and cadastral survey. Provision of the online system also encompasses providing system registration, training, information, assistance, and customer relationship services.

<sup>66</sup> The customers who use Landonline are conveyancing practitioners, territorial authorities, and surveyors.

<sup>67</sup> We issue new land titles following the lodgement by customers of appropriate transactions (or instruments) integrating cadastral survey and other information setting out the extent of interest in land. We confirm the extent of these rights and issue new titles.

<sup>68</sup> See page 22 for more information on our work to ensure ongoing sustainability in this area.

<sup>69</sup> Landonline was available 99.96% of the time during business hours so customers could continue to carry out automated transactions.

In addition, an increasing strategic focus was improving the quality of survey and titles data in line with our customers' priority needs:

- We began a two year project to link more than 80% of an approximate 180,000 titles to their equivalent spatial parcels in Landonline.<sup>70</sup> To date, 50.5% of that target has been met.
- We also remained on target in our pilot project for increasing the accuracy of cadastral survey data. During the year, 99.3% of the nodes and parcels we updated were adjusted to within two-metre accuracy.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
Meet the demanded volume of cadastral survey datasets submitted for approval.*	10,000 (est) (range 8,500-11,500)	8,268	10,952
Meet the demanded volume of titles documents (instruments) requiring registration.*	610,000 (est) (range 518,000-701,500)	470,515	546,972
Meet the demanded volume for issuing new land titles.*	37,000 (est) (range 31,000-42,500)	25,940	37,187
<b>Transactions processed</b>			
The percentage of cadastral survey datasets approved within 10 working days.*	90%	90%	87%
The percentage of all titles transactions, requiring manual processing, processed within 10 working days.*	90% for 10/12 months	90% for 7/12 months	94.5%
<b>Standards</b>			
The percentage of titles processed according to standards set by the Registrar-General of Land and other standards.*	100%	99%	An audit completed in Christchurch and Hamilton in June 2010 provided reasonable assurance of compliance with standards.
The percentage of cadastral datasets processed and integrated into Landonline according to standards set by the Surveyor-General and other standards.*	100%	100%	No audits were carried out for the year ended 30 June 2010.  The audit in March 2009 provided reasonable assurance of compliance with standards.

<sup>70</sup> Better linking of titles records (recording property rights) and spatial parcels (the boundaries of those rights) makes it easier to map the location of property rights, or conversely, to find a title (and information about property rights) from a map.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Landonline access</b>			
The percentage of Landonline system availability to customers between 7am and 9pm Monday-Thursday, 7am to 7pm Fridays, and 9am to 5pm Saturdays.*	99.5%	99.96%	99.35%
The percentage of Contact Centre Landonline-related calls answered within 20 seconds.	80%	81.9%	78.93%
<b>Customer satisfaction</b>			
The rating achieved in the quality category of monthly surveys of randomly selected regular survey and titles customers. <sup>71</sup>	Average rating of 'good' or better	'Good' for survey customers 'Very good' for titles customers	'Good' for survey customers 'Very good' for titles customers

\* As part of our work in the year to improve our performance measures, the wording of these measures were amended from 'The number of cadastral survey datasets approved', 'The number of titles documents (instruments) registered', and 'The number of new land titles issued'.

<sup>71</sup> The quality category relates to two ratings – the overall quality of LINZ 0800 Customer Support and overall quality of information searched.

## GENERATION OF THE NATIONAL AUTHORITATIVE GEOSPATIAL RECORD

Under this output, we produce authoritative geospatial information from digital systems, incorporating the benefits that satellite technology enables in improving accuracy of imagery and positioning.

This data underpins the property market, government functions (such as emergency services and constitutional government administration), and safe navigation.<sup>72</sup>

### Geodetic reference system

The geodetic reference system is the underlying framework for describing location in terms of latitude, longitude, and altitude.<sup>73</sup> We maintain a physical network of geodetic survey marks and trig stations, and the national Continuously Operating GNSS<sup>74</sup> Reference network – PositioNZ – that enables precise positioning by surveyors and geospatial information specialists.

#### Summary of performance

##### Maintaining the geodetic network

Two focus areas for geodetic maintenance this year were to support our data quality improvement project for increasing the accuracy of the cadastre,<sup>75</sup> and work in Canterbury to help quantify

the earth movements caused by the earthquakes and support repair of essential survey infrastructure needed for the rebuild.

LINZ received an additional appropriation of \$0.85 million in 2010/11 and 2011/12 and reprioritised \$0.25 million from this output for Canterbury work, including additional surveying of 880 marks.

The additional Canterbury survey marks contributed to the higher number of marks surveyed and/or maintained this year. In addition, contractor efficiency and cost improvements have enabled us to increase volumes over the past four years.

##### Real-time GNSS data

Under this output, GNS Science and LINZ completed an upgrade of the PositioNZ network in February 2011 to provide real-time data. An economic study indicated real-time data could deliver potentially tens of millions of dollars of economic value over the next decade, with particular gains to industries such as surveying, infrastructure development, and agriculture.<sup>76</sup>

During the year, we met our standard for 95% availability of stations in the network with two exceptions: our Scott Base station met 73% availability in the second quarter of 2010/11 and our Chatham Islands station met 69% availability in the third quarter. Both sites are remote with difficult access. However, both stations have other GNSS stations nearby that were working during the outages.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of surveyed or maintained contracted geodetic control marks achieved.	1,700 (est) (range 1,500-2,000)	3,328	2,481
<b>Quality</b>			
Geodetic data generated will meet the quality standards.	Actions are undertaken in accordance with the standards and are confirmed by quality assurance audits. <sup>77</sup>	100%	No audit occurred for the year ending 30 June 2010.  The scheduled third quarter audit of the survey control system was cancelled to allow new geodetic standards, issued in September 2009, to be fully implemented.
Completeness of geodetic data transmitted from PositioNZ stations to users. <sup>78</sup>	Greater than 95% per station over 3 months	95% per station with two exceptions	New measure
The percentage of database updates within 20 working days of new data being received from contract manager.	95%	100%	New measure

<sup>72</sup> Excludes survey and titles data, which is collected under the output Delivery of the Land Rights Registration and Cadastral Survey Systems.

<sup>73</sup> We generate this system for New Zealand, the Chatham Islands, and Antarctica.

<sup>74</sup> Global navigation satellite systems such as GPS.

<sup>75</sup> See pages 14 and 33 for more information on this project.

<sup>76</sup> The report can be found in the geodetic section of [www.linz.govt.nz](http://www.linz.govt.nz).

<sup>77</sup> Standards complied with are the LINZ survey control system (LINZS25008) and LINZ standard for tiers, classes, and order data (LINZS25003).

<sup>78</sup> Measures the availability of the PositioNZ stations transmitting static data to network users. Static data loss can occur when a station suffers equipment or communications problems and fails to transmit. The 95% target represents an average of 1.5 days per month that a station may not transmit.

## Electoral support information

We add new street address and roads information provided by territorial authorities to the electronic survey and titles register.

The locations of these address points (in relation to meshblocks) define the electorates within which electors are situated. We supply this information to the Electoral Enrolment Centre on a regular basis, and use it to update the Authoritative Streets and Places database. The database is used to generate the Index of Places and Streets, which is used on polling day at elections.<sup>79</sup>

## Summary of performance

Our electoral activities have been provided under a Memorandum of Understanding (MoU) with Statistics New Zealand, the Electoral Enrolment Centre, and the Chief Electoral Office.

Due to the closure of Statistics New Zealand's Christchurch office following the February 2011 earthquake, we took over that office's addressing operations. We implemented an interim process in March 2011, in lieu of the conditions of the MoU, to ensure effective delivery of this additional and changing workload.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
Meet the demanded number of unassigned elector enquiries received and processed per year. <sup>80</sup>	2,200 (est) (range 1,700-2,700)	2,237	1,545
<b>Quality</b>			
The percentage of electoral/addressing datasets complying with relevant regulatory and other standards. <sup>81</sup>	Actions are undertaken in accordance with the standards specified in MOUs. <sup>82</sup>	100%	Audit not required based on the level of risk and previous audit coverage.
The percentage of unassigned elector enquiries processed within 10 working days.*	90%	98.1%	95.1%
The percentage of Statistics New Zealand meshblock edits completed within 10 working days.*	90%	100% <sup>83</sup>	99.6%
Follow up with territorial authorities regarding outstanding addressing queries.	90% within 20 working days from last follow-up	97.4%	97.6%
The percentage of road and address information supplied by territorial authorities recorded.*	90% (1-50 edits within 10 working days, 50-500 edits within 20 working days, 500 or more edits by negotiation)	99.3%: 1-50 edits 100%: 50-500 edits 100%: 500 or more edits	99.5%: 1-50 edits 94.3%: 50-500 edits 100%: 500 or more edits

\* As part of our work in the year to improve our performance measures, the wording of these measures have been slightly modified.

<sup>79</sup> This is an electoral statutory responsibility of the Surveyor-General.

<sup>80</sup> Measure amended from 'the number of Electoral Spatial Reference Dataset addressing queries processed' to clarify that the action undertaken is around unassigned electors, provided by the Electoral Enrolment Centre, that cannot be assigned to a known address.

<sup>81</sup> This measure has been amended from that set out in the *2010/11 Vote Lands Performance Information for Appropriations*. The standard also noted that actions undertaken will be 'confirmed by QA audits'. LINZ's internal audit team performed an electoral maintenance audit during the year and assessed governance and management arrangements and risk management practices as low risk.

<sup>82</sup> The MoUs outline timeliness standards for actions, which we monitor performance against.

<sup>83</sup> We only received five meshblock edits in 2010/11 due to a freeze on edits for the 2011 Census and, later, to the postponement of the Census and closure of Statistics New Zealand's Christchurch Office, which has resulted in edits ceasing until further notice.



## New Zealand Topographic (NZTopo)

NZTopo information provides the basis for the production of paper maps and related electronic products at 1:50,000 and smaller scales. The digital information also allows value-add processing for more versatile digital products. We generate digital topographic information for New Zealand, parts of the Pacific region, and Antarctica, and maintain its currency and accuracy.

### Summary of performance

Following the launch of our Topo50 mapping series in September 2009, our focus this year has been to continue to improve the accuracy and currency of Topo50 (1:50,000 scale) data. Topo50 is a priority because core customers such as emergency services use it in their paper and electronic mapping systems.

As outlined in the table below, the volume of sheets maintained was higher than expected. This came from an increased demand for limited updates, due mostly to geographic name updates gazetted by the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of topographic information sheets maintained.	90 (est) (range 80-100)	140	87
<b>Quality</b>			
The percentage of topographic datasets that comply with relevant regulatory or other standards. <sup>84</sup>	Actions are undertaken in accordance with the standards and are confirmed by quality assurance audits. <sup>85</sup>	100%	The scheduled fourth quarter audit of topographic data was cancelled to allow new maintenance processes to be implemented.

<sup>84</sup> Measure amended from 'All topographic data generated will meet the quality standards as assessed by quality assurance audit'.

<sup>85</sup> The standard complied with is the Customer Services standard for LINZ topographic information (LINZS35000).

## Hydrographic information

We generate hydrographic information for the area around New Zealand, the South-West Pacific, and the Ross Sea Region of Antarctica.<sup>86</sup> The data is used to produce and maintain paper and electronic nautical charts.

Data currency and accuracy is maintained through an annual survey programme and from receiving hazard reports from mariners.<sup>87</sup> We also receive and monitor sea-level information to support provision of tide predictions and tsunami warnings.

### Summary of performance

#### Hydrographic data

This year, we continued a multi-year transition of our hydrographic data management from an old paper system to an electronic database that produces both paper charts and the Electronic Navigational Charts (ENCs) used in Electronic Chart & Display Information Systems (ECDIS) on various classes of international shipping.

The International Hydrographic Organisation (IHO) agreed that countries will achieve adequate coverage of ENCs from 2012. The 47 ENCs produced this year (and 40 in 2009/10) have kept us on track to meet this timeframe.

The IHO also provides international standards for data collection and navigational chart production. Our database, and the survey data we collected this year, all met IHO standards. In addition, 100% of the ENCs we produced this year were accepted by the IHO after being given an independent international quality check.

#### Survey programme

An important focus in our annual survey programme continued to be on collecting data in the areas identified as priorities by large shipping, such as the growing number of tourism cruise vessels visiting New Zealand every year. We worked with the cruise ship industry to understand where more accurate data is most needed. This has helped to shape ongoing planning of our survey programme.

We responded to the Canterbury earthquakes by directing part of our programme into check surveys of approaches to Lyttelton harbour and Akaroa Harbour to ensure marine safety following the earthquakes.

In total, we completed four surveys: the Coromandel Peninsula, Mercury Islands and Mercury Bay; the Poor Knights Islands; Shipping Lane 4, Approaches to Gisborne; and Shipping Lane 6, Approaches to Lyttelton.

We also completed the first of a two-year survey of the Chatham Islands.

#### Tsunami monitoring

Working with GNS Science, we completed installation of a full tsunami monitoring network in July 2010. The network has operated successfully, providing information to emergency management agencies for events such as the Japanese earthquake in March 2011. We monitor performance of the 17 sites in the network: the network operated 95% or more of the time during the year.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of new paper charts printed.	14 (est) (range 11-17)	16	13
The number of new Electronic Navigational Charts released.	45 (est) (range 40-50)	47	40
<b>Quality</b>			
All hydrographic data generated will meet the quality standards.	Actions are undertaken in accordance with the standards and are confirmed by quality assurance audits. <sup>88</sup>	100%	An audit of hydrographic information management conducted in the first quarter provided reasonable assurance that hydrographic data was managed to the required standards with adequate and effective controls.

<sup>86</sup> As agreed with the International Hydrographic Organisation. The total area covers 25 million square kilometres.

<sup>87</sup> The annual survey programme is outsourced to the Royal New Zealand Navy and contractors.

<sup>88</sup> The IHO standards complied with are S-57 for ENCs and S-4 for paper charts. This is verified by AusRenc, the regional division of the International Centre for ENCs (IC ENC). IC ENC distributes ENCs globally for the IHO.

## IMPLEMENTATION OF THE GEOSPATIAL STRATEGY

This output provides for the New Zealand Geospatial Office's (NZGO) role in leading the New Zealand Geospatial Strategy.<sup>89</sup>

### Summary of performance

2010/11 saw the NZGO transitioning from a phase of awareness-raising on the importance of geospatial data to coordinating planning for, and implementing, the activities that will deliver a national spatial data infrastructure (SDI) by 2014.

Our plans were broadly validated early in the year by the Performance Improvement Framework (PIF) formal review, which was released in September 2010. However, the PIF review did identify the opportunity to strengthen our mandate, which resulted in our developing a Cabinet paper for accelerating the geospatial agenda. We also took opportunities to provide geospatial data tools and advice for Auckland spatial planning and Canterbury recovery and rebuilding.

This meant delaying development of formal programme-wide project planning and monitoring and evaluation frameworks (as outlined in the measure table overleaf). These are now in place for 2011/12.

Our activities helped to effect a significant shift in awareness and enthusiasm for geospatial information tools, demonstrated the productive use of geospatial data in action, and strengthened our role as cross-government leader of the Strategy.

Our achievements are summarised in the Year in review section of this report (pages 12 to 13). Key activities under this output included:

- Development of a spatial viewer to showcase central government geospatial data on Auckland and to help support development of the Auckland Council's spatial plan.<sup>90</sup>
- Cabinet agreement to LINZ leading the development of a national SDI, and recruitment of additional NZGO staff to lead the key work streams for achieving the SDI.
- Assistance with a Cabinet paper on active release of government's high-value public data, which integrates the Geospatial Strategy with the wider aims for open data.
- Addition of the New Zealand Transport Agency (NZTA) and private sector representation to the Geospatial Executives Group (GEG) to increase collaboration and sector-wide support for the Strategy.<sup>91</sup>
- Development of guidance and recommended standards for technical staff in government agencies for taking part in an SDI<sup>92</sup> and enhancements to [www.geodata.govt.nz](http://www.geodata.govt.nz), the online gateway to discovering the geospatial and environmental datasets held by government agencies.<sup>93</sup>
- Agreement from the GEG and Geospatial Steering Committee<sup>94</sup> to the 13 nationally important data themes for the SDI, and assignment of stewardship of three priority datasets to LINZ (the cadastre and imagery) and NZTA (roads).
- Ensuring New Zealand government, industry, and academic representation on the trans-Tasman Cooperative Research Centre for Spatial Information (CRCSI).
- Development of an education web portal in partnership with private industry to provide online geospatial lessons for schools.

<sup>89</sup> As the government's authoritative source of advice on land information-related matters, LINZ is responsible for the leadership of the Strategy. The NZGO is based in LINZ and is the coordinating body for implementing the Strategy. Geospatial policy advice was also funded through this output in 2010/11.

<sup>90</sup> We developed this with the Auckland Policy Office.

<sup>91</sup> The GEG is responsible for managing successful delivery of the Strategy. The Group is chaired by the Chief Executive of LINZ. The Group also comprises chief executives from five central government agencies and has local government representation.

<sup>92</sup> This guidance, the SDI cookbook, can be accessed via [www.geospatial.govt.nz](http://www.geospatial.govt.nz)

<sup>93</sup> Developed in partnership with the Ministry of Science and Innovation. The catalogue was still in a prototype stage during the year.

<sup>94</sup> The governance group responsible for implementing the Geospatial Strategy. A range of central and local government agencies and sectors are represented on the Committee.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The percentage of governance and project activity is undertaken in accordance with an agreed monitoring and evaluation framework.	100%	<p>We continued to monitor a range of project activity through Ministerial and business plan reporting and staff performance agreements.</p> <p>A process for defining and monitoring project activity within the formal geospatial programme of work has been implemented from the beginning of 2011/12.</p> <p>Research was undertaken in 2010/11 to assist with the scoping and prioritisation of the work programme for the New Zealand Geospatial Strategy.</p>	<p>Activity commenced in accordance with the monitoring and evaluation framework as it has existed to date.</p> <p>A formal performance evaluation framework was established in June 2010 and will serve as input for activities in the future.</p>
The percentage of projects in the work programme under the Geospatial Strategy will be delivered in accordance with project plans.	95% as determined by the Geospatial Steering Committee	<p>Following Cabinet approval of a paper on accelerating the geospatial work programme in December 2010, a three-year vision for the creation of a national spatial data infrastructure was developed in conjunction with the governance groups, and more detailed projected planning commenced.</p> <p>A formal work programme, with associated projects, has been agreed. Definition documents for all associated projects are being developed and approved by September 2012.</p>	<p>All completed projects in the strategy work programme were delivered in accordance with project plans.</p> <p>The Geospatial Steering Committee was not in existence to review work programme project delivery compliance.</p>
<b>Quantity</b>			
All LINZ-specific projects, identified under the Geospatial Strategy, will be delivered in accordance with timeframes approved by the Geospatial Steering Committee.	100%	<p>The work LINZ will be undertaking in response to the Cabinet paper was tabled with the Geospatial Executives Group in June 2011.</p> <p>A formal work programme has been developed with high-level timeframes for LINZ projects. Where appropriate, these will be reported back to the Geospatial Steering Committee.</p>	<p>All completed strategy projects were delivered in accordance with timeframes.</p> <p>The Geospatial Steering Committee was not in existence to review project timeframe compliance.</p>

## OUR FINANCIAL PERFORMANCE

Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
15,270	Revenue Crown	21,099	16,855	22,069
25,466	Revenue other	26,452	39,332	23,995
<b>40,736</b>	<b>Total revenue</b>	<b>47,551</b>	<b>56,187</b>	<b>46,064</b>
<b>36,714</b>	<b>Total expenses</b>	<b>43,095</b>	<b>39,083</b>	<b>47,080</b>
<b>4,022</b>	<b>Net surplus/(deficit)</b>	<b>4,456</b>	<b>17,104</b>	<b>(1,016)</b>

The increase in expenses from 2010 to 2011 is a result of hydrographic surveys undertaken in 2011 (\$3.4m), a project to improve the quality of geospatial data (\$0.8m), an increase in costs relating to LINZ's geospatial strategy (\$0.6m), and re-establishing the geodetic network in Canterbury post-earthquake (\$0.5m).

These increases came from funding being carried forward from 2009/10 or being reprioritised from other classes, with the exception of the \$0.5 million for the geodetic network funding, which was additional funding.

# Land and Seabed Information Access and Dissemination

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## Providing access to, and disseminating, information held by LINZ

There is one output in this output class:

Provision of Access to Information and Services.

### PROVISION OF ACCESS TO INFORMATION AND SERVICES

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We provide access to our authoritative geospatial information through various products and services such as Landonline (for licensed users) and paper and electronic maps and charts.

An increasing focus is to enable wider application of our information by improving access channels for customers. For example, the new LINZ Data Service provides online access to more than 850 layers of our geospatial data.

#### Survey and titles

We provide:

- survey and titles information to customers<sup>95</sup> via Landonline (for registered users), email, or hard copy
- extracts of bulk raw data under supply agreement to some customers, and
- PositionNZ Continuously Operating Reference Station network GNSS data for surveyors and geospatial information specialists via the internet.

#### Summary of performance

##### *Survey and titles records*

As with our processing of survey and titles lodgements,<sup>96</sup> provision of survey and titles information was partially affected by the Canterbury earthquakes. Survey search volumes were 31.3% below forecast due to the continuing decline in property market activity.

We met our standard for supplying paper records to customers within two days 85.8% of the time, rather than the standard of 90%. This was due to the closure of our Christchurch office and limited access to paper records held at our off-site storage facility.<sup>97</sup>

##### *Our data*

LINZ has supplied bulk survey and titles data from Landonline to customers, which enables use of this data for other geospatial products and services. With the launch of the LINZ Data Service, we now provide this data online for wider use. Our data is fully compliant with recommended discoverability and dissemination standards.<sup>98</sup>

In addition to upgrading our Continuously Operating Reference Station network to enable real-time streaming of GNSS data, we also provide daily data files with the aim of ensuring 95% of daily files are available online within 24 hours. We achieved this target in 2010/11.<sup>99</sup>

The most recent customer research indicated reasonably high overall satisfaction with our provision of bulk data services (70% overall satisfaction) and geodetic products and services (65% overall satisfaction).<sup>100</sup> A positive for our introduction of real-time streaming is the geodetic research's finding of an anticipated 63% increase in the use of real-time streams in the next three years.

<sup>95</sup> Surveyors, conveyancing practitioners, other land professionals, or members of the public.

<sup>96</sup> See page 32.

<sup>97</sup> Records held offsite for digitisation also impacted on our performance in this area.

<sup>98</sup> See page 15 for research we conducted to benchmark anticipated use and support for the service before its launch.

<sup>99</sup> See page 35 for more on real-time data streaming.

<sup>100</sup> The bulk data service research was conducted in February-March 2010, and the geodetic research in September 2010.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
Meet the demanded number of survey searches.*	180,000 (est) (range 128,000-231,500)	123,590	160,325
Meet the demanded number of title searches.*	2,700,000 (est) (range 2,389,470-3,105,300)	2,613,487	3,037,310
<b>Quality</b>			
Rating achieved in the quality category of monthly surveys of randomly selected regular survey and titles customers.	Average rating of 'good' or better	'Good' for survey customers  'Very good' for titles customers	'Good' for survey customers  'Very good' for titles customers
Timeframe for paper records to be made available to customers. <sup>101</sup>	90% within two working days	85.8%	91.1% for 8 out of 12 months

\* As part of our work in the year to improve our performance measures, the wording of these measures were modified from 'The number of title records supplied' and 'The number of titles survey records supplied'.

## Topographic and hydrographic

We provide products and services, including:

- topographic paper maps and paper navigation charts to retailers, and defence and emergency services, and digitally via the internet
- bulk raw topographic data under supply agreement for geospatial information specialists
- other navigational information needed for safety at sea such as fortnightly Notices to Mariners
- sea level information for GNS Science and The Ministry of Civil Defence and Emergency Management via the automatic tsunami monitoring system.

### Summary of performance

#### Hydrographic information

As part of the implementation of our new hydrographic data information system, our focus continued to be on producing Electronic Navigational Charts (ENCs) in line with the International Hydrographic Organisation's requirement that countries have adequate ENC coverage by 2012.

The new information system has also enabled us to move away from large-scale chart print-runs to print-on-demand. Because an important part of our role as New Zealand's National Hydrographic Authority is to update our paper charts as maritime features change, print-on-demand enables us to deliver more accurate, timely charts to customers. Business efficiencies for LINZ include fewer stock write-offs and no need for us to manually update paper charts.<sup>102</sup>

Under the Global Maritime Distress and Safety System, LINZ also collects and issues long-range navigational warnings to mariners for New Zealand, the South-West Pacific, and Antarctica.<sup>103</sup>

#### Topographic maps

Our focus in providing topographic maps continued to be on ensuring full availability of the national Topo50 map series, which is used by the public and emergency services. In the first year since their launch, more than 295,000 Topo50 maps were dispatched to emergency services and retailers, a higher than expected uptake. Volumes have continued to be steady, with 91,000 Topo50 maps dispatched in 2010/11.

The popularity of some maps (particularly of challenging terrains and popular tourism areas such as the Hollyford and Routeburn tracks and Mt Ruapehu) resulted in a second print run for some. This helped to ensure 100% availability of the digital and printed maps in the Topo50 series during the year.<sup>104</sup>

#### Online access to topographic and hydrographic data

With the launch of the new LINZ Data Service, we now also provide free online access to our topographic and hydrographic data layers.<sup>105</sup>

<sup>101</sup> Includes customers viewing large historic documents or scanning and emailing records.

<sup>102</sup> The most recent hydrographic customer research in March-April 2010 found 85% overall satisfaction with our provision of services and products.

<sup>103</sup> From 2011/12, we will monitor our performance in meeting the standard of providing urgent marine safety information to mariners within two business hours.

<sup>104</sup> The most recent topographic customer research in February-March 2010 found 65% overall satisfaction with our provision of products and services.

<sup>105</sup> Data, as distinct from products such as charts or maps.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of topographic map sheets reprinted and/or maintained and released as digital or printed maps.	140 (est) (range 125-145)	176 <sup>106</sup>	482 <sup>107</sup>
The number of hydrographic paper charts reprinted/printed.	50 (est) (range 43-57)	65 <sup>108</sup>	75
The number of Electronic Navigational Charts released.	45 (est) (range 40-50)	47	40
<b>Quality</b>			
The percentage of Electronic Navigational Charts that meet all the relevant IHO standards.	100%	100%	100% <sup>109</sup>
Percentage of topographic maps and hydrographic charts dispatched to the retailer within two working days of receipt of order.	100%	100%	100%

## OUR FINANCIAL PERFORMANCE

	Actual 2010 \$000	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
1,301 Revenue Crown		1,108	168	1,136
8,894 Revenue other		10,568	13,235	13,415
<b>10,195 Total revenue</b>		<b>11,676</b>	<b>13,403</b>	<b>14,551</b>
<b>4,652 Total expenses</b>		<b>4,035</b>	<b>5,125</b>	<b>4,200</b>
<b>5,543 Net surplus/(deficit)</b>		<b>7,641</b>	<b>8,278</b>	<b>10,351</b>

The increase in Revenue Crown in the Supplementary Estimates is due to our correcting an error made in the Main Estimates.

<sup>106</sup> Thirty-six map sheets were released as new printed editions and 140 map sheets as new digital versions.

<sup>107</sup> A one-off higher target due to the launch of the new national map series.

<sup>108</sup> We printed 16 charts in 2010/11 and reprinted 49 charts. In 2009/10, we printed 13 charts and reprinted 62 charts.

<sup>109</sup> Refers to the percentage accepted by the IHO.



# Crown Property Management and Disposal Services

Management and disposal of the Crown's interest in land (outside the conservation estate), and the acquisition, management, and disposal of land and property by LINZ on behalf of the Crown

There are two outputs under this output class:

- Crown Property Management and Disposal Services
- Delivery of the Crown Property Clearance Service.

## CROWN PROPERTY MANAGEMENT AND DISPOSAL SERVICES

Under this output, LINZ manages and disposes of Crown land and land-related liabilities. We also:

- regulate the acquisition and disposal of land from the Crown<sup>110</sup>
- contribute technical advice to Government and other Crown agencies on Crown property matters, and act as steward for historic Crown property records, and
- acquire properties on an as-required basis.<sup>111</sup>

### Pastoral lease and licence management

We administer the leases and licences on approximately 1.5 million hectares of Crown pastoral land in the South Island High Country.<sup>112</sup>

Our work includes undertaking lease renewals and rent reviews, engaging with leaseholders, monitoring compliance with lease conditions, and taking action for areas of non-compliance. We also process applications and requests from leaseholders to undertake land use activity (discretionary actions) outside of normal pastoral grazing.

### Summary of performance

#### *Pastoral inspections and discretionary actions*

We inspected 14% of the pastoral leases under our management in 2010/11. Our inspections showed a very high level of good husbandry, and a commitment from lessees to comply with the requirements of their leases and to maximise the pastoral farming potential of their land.

Property inspections on leases are carried out in summer, and our annual periods for producing reports on them coincided with the two-month closure of our Christchurch premises following the February 2011 earthquake. This affected our timeliness target for property inspection reports, as the measurement table overleaf outlines. Our average timeliness performance over 2010/11 was 11.4 weeks.

Since 2009/10, we have been measuring our performance in processing requests to undertake 'discretionary actions' from lessees.<sup>113</sup> A 74% growth in requests since 2009/10 suggests increasing economic confidence in the rural sector and a willingness from lessees to make capital investments in their farming operations. It also indicates an increasing level of engagement between LINZ and pastoral lessees and greater awareness of activities that require statutory consent.

#### *Improving our management*

In addition to our work in preparing for the implementation of earning capacity rents for pastoral leases, we also made a number of key improvements to our pastoral management.<sup>114</sup> These improvements will ensure we continue to align with the Government's pastoral land strategic objectives of relationships, stewardship, and economic use.

Improvements include assigning portfolio managers to each lease, and installing greater flexibility into the guidelines that outline how we manage our work. These were put in place in June 2011, so we should expect to see continuing improvements in our risk identification and management, timeliness in decision-making, cost-effectiveness, and relationships with lessees.

<sup>110</sup> Activity under the Public Works Act 1981, Land Act 1948, and related legislation is regulated by setting standards for Crown agencies and private service providers accredited by LINZ. When Crown agencies acquire or dispose of land they must comply with these standards and obtain statutory decisions from our clearances team.

<sup>111</sup> For example, where compulsory acquisition for a public work is required for a network utility operator under section 186 of the Resource Management Act 1991.

<sup>112</sup> On behalf of the Commissioner of Crown Lands.

<sup>113</sup> These are actions outside of normal pastoral grazing, such as applying for recreation permits.

<sup>114</sup> See page 17 for more information on earning capacity rents.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of property inspections completed.	25 (range 25-35)	31	50
The number of applications/requests for discretionary actions processed. <sup>115</sup>	200 (range 150-300)	165	95
<b>Quality</b>			
The percentage of property inspections completed to operational processes.	100%	100%	New measure
The percentage of LINZ land administration decisions that meet regulatory and statutory requirements. <sup>116</sup>	100%	100%	100%
The percentage of property inspection reports submitted to the Commissioner of Crown Lands within 8 weeks of inspection. <sup>117</sup>	90%	26%	Average processing time of 7 weeks (standard was 4 weeks)
The percentage of reports for decisions about discretionary actions on pastoral land submitted to the Crown Commissioner of Lands within 8 weeks of receipt of completed application. <sup>118</sup>	95%	95%	Average was 7.3 weeks (standard was 95% within 7 weeks)

## Tenure review

We also administer the tenure review programme, which is a voluntary process for enabling freeholding of land capable of economic use, protection of land with significant inherent value, and public access and recreation opportunities.

In our administration, we take into account a wide range of interests, including those of the leaseholder, Department of Conservation (DOC), Fish and Game, iwi, and the public.

Each tenure review can take several years to complete, and requires comprehensive information-gathering, analysis, and consultation. Once agreement has been reached with leaseholders, we also perform further work such as fencing, surveying, raising freehold title, and transferring any conservation land to DOC.

### Summary of performance

We produced a total of 15 tenure review proposals. Seven of these were preliminary proposals, which were put out for consultation, and eight were substantive proposals, which is the stage at which a lessee can decide whether to accept the proposal or not.

All the substantive proposals received Ministerial funding approval and sign-off from the Tenure Review Quality Assurance Board (TRQA), which helps ensure the achievement of the Government's High Country objectives.<sup>119</sup> As of 18 August 2011, six of the eight proposals have been accepted by lessees.

As with our overall pastoral management, we rolled out a new model for managing tenure review from 1 July 2011. The new model increases our day-to-day management of tenure reviews and the associated relationships with lessees and stakeholders. While continuing to contract for specialist services and expertise, we will take on a greater project and relationship management role.

### The results of tenure review

As of 30 June 2011, substantive proposals have been completed for 86 pastoral leases, covering a total land area of approximately 460,000 hectares. Of this total area, approximately 50% is designated as public conservation land and 50% has become freehold land.

An additional five pastoral leases, covering approximately 126,000 hectares, have been purchased outright by the Crown for conservation.

One review in 2010/11 saw 7,345 hectares of alpine land bordering the Mount Aspiring National Park designated as public conservation land, including mountain peaks and passes and the securing of public access to the park.

The review also resulted in 2,329 hectares of productive land being freeholded to the lessee. Valley floor covenants have been put in place to further protect landscape values and important lowland biodiversity features.

<sup>115</sup> This measure is driven by demand from lessees.

<sup>116</sup> Measure amended from 'The percentage of decisions about discretionary actions that are undertaken in accordance with regulatory and statutory frameworks and are consistent with government policy'.

<sup>117</sup> This measure is different from that set out in the *2010/11 Vote Lands Performance Information for Appropriations*. See page 69 for more information.

<sup>118</sup> This measure is different from that set out in the *2010/11 Vote Lands Performance Information for Appropriations*. See page 69 for more information.

<sup>119</sup> Tenure review proposals are also subject to statutory approval from the Commissioner of Crown Lands.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of proposals for tenure review that are submitted to the Commissioner of Crown Lands. <sup>120</sup>	12 (range 10-20)	15	15
<b>Quality</b>			
The percentage of tenure review proposals that meet regulatory and statutory requirements.*	100%	100%	100%
The percentage of tenure review proposals produced within approved contractual and operational project plan timeframes.*	80%	95%	100% <sup>121</sup>

\* As part of our work in the year to improve our performance measures, we amended these measures from 'The percentage of tenure review preliminary and substantive proposals that are assessed for compliance with the Crown Pastoral Land Standards and the Crown Pastoral Land Act 1998' and 'The percentage of proposals produced within timeframes in approved operational project plans'.

## Managing land and land-related liabilities

Aside from pastoral leases, we manage approximately 5,000 properties. The most valuable of these are the Crown forest lands held by us for Treaty purposes, which are subject to Crown Forestry Licences for forestry operations.<sup>122</sup>

We also manage annual strategies for disposing of land from our portfolio. We use a risk-based programme that includes assessing: whether it would cost the Crown more to sell the property than hold onto it; whether a disposal may mitigate some future or potential liability for LINZ or the Crown; whether a sale is in the interests of inhabitants of a particular locality; or whether it will help realise some other Crown objective (for example, the land might be required for a public work.)<sup>123</sup>

We manage a number of land-related liabilities on behalf of the Crown. These liabilities have arisen through errors, omissions, or defaults from actions of LINZ, or its predecessor agencies that no longer exist, in dealing with property-related matters.

### Summary of performance

Our property portfolio grew by an additional 39 properties (9,316 hectares in total) due to the acquisition of portfolios from the Ministry of Economic Development (MED) and the Ministry of Agriculture and Forestry. The aim of the acquisitions was to bring these properties under our specialist land management expertise, resulting in overall reduced risk to the Crown and improved efficiencies.

### Properties leased and licensed

The 795 properties we licensed or leased is similar to previous years. The MED properties acquired increased our revenue by approximately 20%.

We met the demand for processing 195 applications to grant leases, licences, or easements over our properties (we processed 129 in 2009/10).<sup>124</sup> A current focus, begun in 2010/11, is on timely processing of applications to use our land for the development of the National Cycle Trail project. The project aims to deliver long-lasting economic, social, and environmental benefits to New Zealanders through the construction of a network of cycle trails.

With such a large number of lease and licensing agreements, we also focus on maintaining or decreasing the value of aged debtors on a monthly basis. As at 30 June 2011, aged debtors represented 1.35% of our revenue from rents.

### Monitoring compliance with lease and licence conditions

We conducted approximately 200 non-pastoral inspections to ensure tenants were complying with their lease agreements and not undertaking any unauthorised uses (compared to approximately 100 in 2009/10). Our inspection programme identified two unauthorised uses, which were addressed.

<sup>120</sup> Measure amended from 'The number of preliminary and substantive proposals produced'. This is a demand-driven measure, as tenure review is a voluntary process for lessees.

<sup>121</sup> This result was achieved under a different measure. We submitted 100% of tenure review proposals to the TRQA Board within 12 weeks of receipt and put 100% of the substantive proposals to leaseholders within 10 working days of being signed off on behalf of the Crown.

<sup>122</sup> Crown forest land is administered under delegation from shareholding ministers (Finance and State-Owned Enterprises).

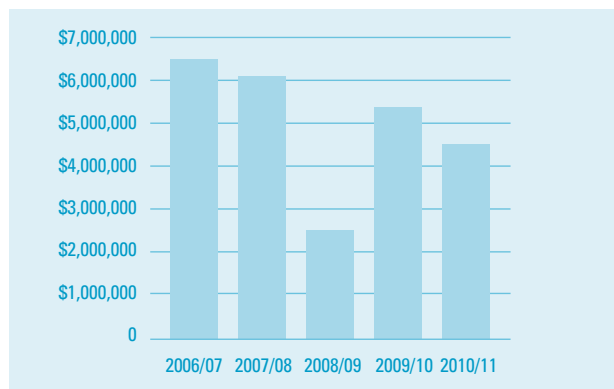
<sup>123</sup> Very few properties in our portfolio are surveyed and titled so part of our risk-assessment is to determine whether the net return from sale exceeds the costs of processing it for disposal.

<sup>124</sup> Easements are where people seek the right to use our land without owning or leasing it. Common examples are people seeking the right to access water or to run utilities pipes or lines through our land.

### Revenue from disposals

Revenue of \$4.446m met our annual target for property disposals. Disposals in Canterbury were affected by business disruptions caused by the earthquakes. In general, economic conditions have also continued to affect property values and sales.<sup>125</sup>

Graph 3: Revenue from property disposals



### Liabilities managed

We managed 352 actual or potential Crown liabilities during the year. These liabilities are very diverse and, in many cases, resolution can span several years, particularly where subject to litigation.<sup>126</sup> From 2011/12, we have set an annual target of resolving 15 liabilities; 19 cases were resolved this year.<sup>127</sup>

### Crown forestry licensed land

LINZ's activities for managing Crown Forestry Licences (CFLs) include monitoring compliance with licence terms, collecting rents, and setting rents every three years. The number of CFLs we managed decreased from 72 in 2009/10 to 48 this year following the transfer of Crown forest land to iwi through the Treaty settlement process.<sup>128</sup>

This year, we began or continued to negotiate transfer values for more than 20 Crown forest land properties with iwi. We also worked in partnership with iwi to transfer knowledge about forestry licence management to ensure a smooth post-settlement transition for both iwi and licensees.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
Meet the revenue sales target for the year from properties released for disposal. <sup>129</sup>	\$3.0million <sup>130</sup> (±10%)	\$4.446m	\$5.311m
The number of properties leased or licensed.	775 (range 700-850)	795	780
The number of land-related liabilities managed.	350 (range 300-500)	352	398
The number of Crown Forestry Licences managed.	49 (range 35-55)	48	72
<b>Quality</b>			
The number of justifiable complaints received from the Crown Forestry Rental Trust or iwi.	No justifiable complaints received	No justifiable complaints received	No justifiable complaints received
The percentage of disposals that comply with approved Crown property standards.	100%	100%	100% <sup>131</sup>
The percentage of property management activity that complies with the specifications in Part 2 of the Crown Forestry Licence Management Agreement.	100%	100%	100%
The percentage of property management activity that complies with statutory requirements and operating frameworks.	100%	100%	100% <sup>132</sup>

<sup>125</sup> Our disposal supplier in Christchurch was unable to access files from September 2010 to July 2011. The lower revenue sales figure for 2008/09 shown in graph 3 was also as a result of the recession.

<sup>126</sup> We take a reactive, risk-based approach to managing the total liabilities. Some cases may remain dormant for long periods before a claimant fully formulates a claim.

<sup>127</sup> Investigating and resolving liabilities requires thorough consideration and investigation. Typically, liabilities arise where individuals or organisations have contacted us in the belief that the Crown has acted unfairly in a property-related matter. Overall, our aim is to both protect the Crown's interests and act fairly towards claimants.

<sup>128</sup> We collected \$12 million in rentals.

<sup>129</sup> Measure amended from 'Revenue sales target for the year from properties available for disposal'.

<sup>130</sup> The revenue sales target was reduced from \$6m to \$3m in the 2010 Budget Main Estimates due to the lower values and sales volumes caused by economic conditions. The target was raised back to \$6m for Budget 2011.

<sup>131</sup> The result published was 'All property purchases and disposals were completed within standards and guidelines, which include statutory and Government-directed requirements'.

<sup>132</sup> This result related to the standard of delivering services 'in accordance with the specifications in the property management contracts'.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quality continued</b>			
The percentage of land-related liabilities managed in accordance with LINZ's Operating Framework for Investigation and Management of Land-Related Liabilities and other government policies. <sup>133</sup>	100%	100%	100% <sup>134</sup>
The percentage of property acquisition, management, and disposal work that meets timeframes required in statutes, operational plans, management agreements, management contracts, and other contractual documents. <sup>135</sup>	100%	100%	100% <sup>136</sup>
The percentage of land-related liability work that meets timeframes required in statutes, the Operating Framework for Investigation and Management of Land-Related Liabilities, and the Government's Huntly East Subsidence Policy.	100%	100%	100% <sup>137</sup>

<sup>133</sup> Measure amended from 'The percentage of land-related liabilities that are efficiently managed in accordance with Operating Framework for Investigation and Management of Land-related Liabilities, and the Government's Huntly East Subsidence Policy.'

<sup>134</sup> The result published was 'The management of liabilities and contingent liabilities was in accordance with the requirements and processes recorded in LINZ's Operating Framework for the Investigation and Management of Land-Related Crown Liabilities.'

<sup>135</sup> The wording of this measure differs from that set out in the *2010/11 Vote Lands Performance Information for Appropriations*, which was 'The percentage of timeframes for the disposal, management, and purchase of properties are met in accordance with statutory and contractual conditions.'

<sup>136</sup> The result published was 'All property purchases and property disposal processes undertaken in a timely manner in accordance with LINZ standards and guidelines.'

<sup>137</sup> The result published was 'The management of liabilities and contingent liabilities has been in accordance with the requirements and processes recorded in LINZ's Operating Framework for the Investigation and Management of Land-Related Crown Liabilities.'

## Biosecurity

LINZ undertakes an annual programme of biosecurity control works on our properties. We work collaboratively with our neighbours, and central and local agencies, to improve our effectiveness and mitigate re-infestation. Our works also require public consultation and notification.<sup>138</sup>

### Summary of performance

#### Biosecurity priorities

Two priorities this year were our control of aquatic weeds at Lake Karapiro, which helped ensure the success of the World Rowing Championships, and the removal of significant infestations of wilding conifers around Lake Pukaki.

We were also proactive in working with stakeholders to address the rapid rise in rabbit numbers in the South Island – particularly in Canterbury and Otago. We checked approximately 22,000 hectares of land and carried out eradication as necessary, mainly over riverbeds.

#### Stakeholder views on our effectiveness

Because of the collaborative nature of our work programme, we monitor stakeholders' views on the effectiveness of our efforts, and use the results to identify further improvements. Those surveyed in February 2011 gave us a slightly higher overall satisfaction rating than the previous year. On average, respondents were satisfied that we are meeting our obligations as a responsible landowner, and that our control works are achieving the best value for money in their region or locality.<sup>139</sup>

We also completed and published a LINZ Biosecurity Strategy, which has created a shared understanding with stakeholders of our objectives. This has resulted in improved priority-setting and a reduction in low-value activities.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The amount of land subject to weed and pest control:			
Aquatic weed control annually.	400 hectares (ha) (range 300-500ha)	A total area of 2,000ha was covered for aquatic weed control. <sup>140</sup>	A total area of 1,800ha was covered for aquatic weed control.
Terrestrial weed control annually.	35,000ha (30,000-40,000ha)	A total area of 59,000ha was covered for terrestrial weed control. <sup>140</sup>  22,000ha was covered for rabbit control.	A total area of 65,000ha was covered for terrestrial weed control.
<b>Quality</b>			
The percentage of weed and pest management that complies with the LINZ Biosecurity Operational Plan.	100%	100%	100%
The achievement of an average rating of 3 out of 5 or above from an annual satisfaction survey of biosecurity stakeholders. <sup>141</sup>	Average rating of 3 out of 5 or greater	3.8 out of 5	3.6

<sup>138</sup> Our work follows the intent of regional pest management strategies developed by regional councils in accordance with the Biosecurity Act 1993. The work is a nationally coordinated programme using contractors to carry out the physical control works.

<sup>139</sup> The survey had 19 respondents, of which 50% were regional councils and 33% government agencies. While the overall result is encouraging, we will continue to focus on building and maintaining positive relationships with our stakeholders to improve performance.

<sup>140</sup> We changed our methodology for recording aquatic and terrestrial weed control during the year, which accounts for some of the overachievement in these results.

<sup>141</sup> This rating tends to reflect both performance and the level of expenditure. Expenditure escalates with increasing levels of control, which can never provide complete eradication.

## Treaty settlements

Some of the land we manage is being held for Treaty settlements. LINZ plays a significant role in settling Treaty claims, and we are involved in every settlement. We:

- advise the Office of Treaty Settlements (OTS) about the availability of Crown-owned land for prospective settlements
- undertake full vendor disclosure for properties that are being considered for settlement
- survey and title when implementing settlements
- are involved in direct negotiations with claimants where Crown land including Crown forest land is involved
- obtain and analyse valuation advice for establishing transfer values for all Crown lands managed by us
- build and enhance our relationships with iwi through post-settlement agreements such as accords, and
- set standards and make statutory decisions where LINZ is responsible for ensuring that the disposals by Crown agencies comply with Treaty settlements.

## Summary of performance

This year, we continued to manage a substantial amount of work to contribute to the OTS-led programme (and Government priority) for completing negotiation of historic Treaty claims by 2014. We established formal relationship management structures with OTS that have helped ensure our work has met their requirements. We will begin monitoring their satisfaction with our performance on an annual basis from 2011/12.

Crown forest land was an important focus. We reached agreements with several iwi on transfer values and managed the transfer of part of the Santoft, Lismore Hills, and Lismore Sands forests (covering approximately 6,865 hectares) to Ngāti Apa.

Our contribution to the Waikato River settlement resulted in new formal relationships with iwi over the future management of the Crown-owned riverbeds and lakebeds.

We also managed a significant number of milestones to complete negotiated settlements. We could not finalise two settlements scheduled for 2010/11 (as noted in the table below) due primarily to third-party transfer issues. We are working to resolve issues with the parties involved.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of properties included in Treaty of Waitangi Settlement redress. <sup>142</sup>	29 (range 10-50 properties to become unconditional)	10	2
<b>Quality</b>			
The percentage of work that complies with LINZ Treaty settlement contractual and legislative compliance plans. <sup>143</sup>	100%	100%	100%
The number of settlements completed within the timeframes in LINZ Treaty settlement contractual and legislative compliance plans. <sup>144</sup>	2	0	No settlements were scheduled to be completed in 2009/10.

<sup>142</sup> This measure is driven by third-party activity.

<sup>143</sup> Excludes timeframes.

<sup>144</sup> This measure is different from that set out in the 2010/11 Vote Lands Performance Information for Appropriations. See page 69 for more information.

## DELIVERY OF THE CROWN PROPERTY CLEARANCE SERVICE

Under this output, our specialist property team carries out expert statutory decision-making in relation to the acquisition and disposal of Crown and Crown-owned land by government agencies.<sup>145</sup> We review and sign-off all purchases and sales.

The risk to the Crown in this area can be high, so our activities ensure government agencies that operate in the property market act in accordance with legislation, Cabinet directives, and department regulatory standards.<sup>146</sup>

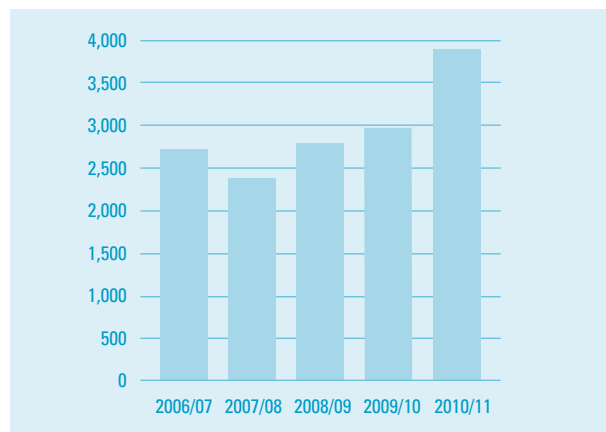
### Summary of performance

We made 3,863 decisions this year, continuing the steady rise in volumes over the past four years (as shown in graph 4). The increase was driven in part by the high number of New Zealand Transport Agency (NZTA) acquisitions for Roads of National Significance infrastructure projects.

This increased volume affected our target of clearing 95% of reports or recommendations within 10 days by 5%, as noted in the table below. However, we cleared 95% of reports within 15 days.

We also met 90% of NZTA's property acquisition and disposal timeframes for infrastructure programmes.

Graph 4: Number of property reports and statutory decisions processed



Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
All property reports cleared and statutory decisions made, which entails the processing of all reports submitted to LINZ.	2,500 (range 2,000-2,800)	3,863	2,958
<b>Quality</b>			
The percentage of property reports and recommendations cleared or responded to within 10 working days.*	95%	90%	90.69%
The percentage of statutory decisions that meet regulatory and statutory requirements.*	100%	100%	100%

\* As part of our work in the year to improve our performance measures, we amended the wording of these measures from 'The percentage of statutory reports and recommendations cleared or responded to within 10 working days' and 'The percentage of decisions that are made in accordance with Crown property standards'. The standards remain the same.

145 For example, acquisitions and disposals under the Public Works Act 1981 and the Land Act 1948 and road-stopping actions for territorial authorities.

146 Two notable areas of high risk are compulsory acquisition of land from private owners and offer-back processes to former owners for surplus Crown land under section 40 of the Public Works Act 1981.



## OUR FINANCIAL PERFORMANCE

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Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
17,486	Revenue Crown	18,448	17,660	20,129
1,000	Revenue other	1,256	1,413	1,413
<b>18,486</b>	<b>Total revenue</b>	<b>19,704</b>	<b>19,073</b>	<b>21,542</b>
<b>18,338</b>	<b>Total expenses</b>	<b>19,070</b>	<b>18,218</b>	<b>21,474</b>
<b>148</b>	<b>Net surplus/(deficit)</b>	<b>634</b>	<b>855</b>	<b>68</b>

# Land and Seabed Information Storage and Management

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Ensuring that the security and management of our databases and systems for land information are managed effectively and efficiently

There is one output under this output class:

Ongoing Maintenance of an Information System Infrastructure that Protects the Integrity and Security of Authoritative Databases.

## ONGOING MAINTENANCE OF AN INFORMATION SYSTEM INFRASTRUCTURE THAT PROTECTS THE INTEGRITY AND SECURITY OF AUTHORITATIVE DATABASES

We provide ongoing maintenance of our information systems infrastructure to protect the integrity and security of our authoritative datasets.

An effective and efficient IT infrastructure ensures successful delivery of our operations.

### Summary of performance

#### *Transition of core IT infrastructure*

The main focus this year was the successful transition of core IT infrastructure delivery to a single supplier, Datacom, on 1 April 2011. This included relocation of our IT environments (298 devices hosting 53 applications and services) from three locations to Datacom's data centres.<sup>147</sup>

Datacom's supplier agreement with us includes their review of performance against the contracted and agreed service levels on a weekly and monthly basis to ensure performance and availability targets are met. In the three months from 1 April, all availability targets were met.

#### *Ongoing improvement of disaster recovery*

We continued to update our disaster recovery plans in the year to ensure they stay current with any changes to systems and infrastructure.

As part of the relocation of our IT environments, we successfully conducted the annual Landonline disaster recovery test. The test also validated that we can quickly, easily, and transparently switch between our disaster recovery environment in Wellington and production environment in Auckland.

Disaster recovery was invoked in our Christchurch office after the September 2010 earthquake to provide staff with access to our systems while the office was closed.

#### *Annual security audit*

An independent security audit of our IT general controls in the year identified no high-risk vulnerabilities and no security breaches, and was favourable in terms of the number and severity of findings.

We also commissioned an independent technical audit of our infrastructure (such as critical systems and websites).

We have put in place plans to deal with all findings and expect to see continuous improvement in our audit ratings.

#### *Ongoing sustainability*

Datacom is committed to providing an architectural roadmap for our IT infrastructure within the 2011 year. An application architect position in LINZ will be responsible for creating an application roadmap to ensure sustainability of our application portfolio.

All IT system assets have been transitioned to Datacom and another provider, which are now contractually committed to:

- ensuring they are kept up-to date, and
- regular maintenance and system upgrades to ensure we do not carry ongoing risk from obsolete systems.

<sup>147</sup> We completed the full relocation in early July 2011.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
IT infrastructure is maintained to ensure that system availability meets the levels required to support the business outcomes. <sup>148</sup>	IT Architectural principles and standards are maintained, reviewed, and communicated at least annually.	Service level agreements for Landonline and corporate infrastructure were met.  Processes for change, issues, and problems for the additional software managed internally by LINZ ensured infrastructure was maintained effectively.	A continuing programme of maintaining IT infrastructure is in place and being actioned to ensure system availability and sustainability.  Processes to assist with service delivery improvement have been identified and implemented across 14 core processes.  Work continues on updating disaster recovery plans for corporate systems to ensure appropriate processes are in place. <sup>149</sup>
The IT architecture components are reviewed based on strategic direction and the business planning process to ensure ongoing alignment of the LINZ technical environment. <sup>150</sup>	IT Architectural principles and standards are maintained, reviewed, and communicated at least annually.	The IT architecture standards and roadmap were maintained in alignment with business direction.	Review of enterprise architecture components and principles is ongoing, in conjunction with completion of projects. All designs are subject to architectural approval. <sup>151</sup>
The annual security audit is performed to ensure the integrity of the security practices. <sup>152</sup>	An audit is performed annually. <sup>153</sup>	No actual security breaches or high-risk vulnerabilities were identified.  All potential vulnerabilities identified were closed.	New measure

<sup>148</sup> The measure in the *Vote Lands 2010/11 Performance Information for Appropriations* was 'The integrity and security of LINZ's authoritative databases is protected through ensuring: IT infrastructure is future-proofed to maintain system availability and sustainability.' We revised the measure to clarify its objective, and its associated standard to make it easier to determine if we are meeting that objective.

The system availability service levels for both Landonline and corporate IT infrastructure were defined in the service level agreements with our external suppliers. New agreements were created for all systems, software, and infrastructure following the transition to Datacom.

<sup>149</sup> This result related to the measure 'IT infrastructure future-proofed to maintain system availability' and the standard 'Architectural principles maintained and communicated at least annually.'

<sup>150</sup> The measure in the *Vote Lands 2010/11 Performance Information for Appropriations* was 'The Enterprise Architecture components, including the Architecture Principles, are reviewed based on project change and in line with business planning process to ensure ongoing alignment with LINZ's strategic direction.' The measure was revised during the year to clarify its objective, and its associated standard was also revised.

<sup>151</sup> This result related to the measure 'Enterprise architecture components, including architecture principles, reviewed based on project change and in line with business planning process to ensure ongoing alignment with LINZ's strategic direction.' The standard was 'IT architecture standards reviewed at least annually to ensure alignment with e-GIF and other international standards.'

<sup>152</sup> The measure in the *Vote Lands 2010/11 Performance Information for Appropriations* was 'An external IT Security Audit is performed.' The measure was revised to clarify its objectives.

<sup>153</sup> The audit was against the Security in the Government Sector standard and the NZSIT 402:2008 standard, as interpreted in the LINZ Information Security Framework Standard. In addition, we have maintained the ITIL (IT Infrastructure Library) Standard at level 3 maturity, which is the level of performance we aim to achieve.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The IT infrastructure is available to the business applications that utilise it according to the agreed service levels. <sup>154</sup>	The service level agreements for the business applications are met each month.	The service level agreements for the business applications were met.	All IT infrastructure is being managed in accordance with LINZ policies and standards. Service levels have been met during the year for the business systems, with the exception of a marginal shortfall in meeting our services levels (0.05%) for Landonline availability. <sup>155</sup>

## OUR FINANCIAL PERFORMANCE

Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
93	Revenue Crown	250	3,189	250
1,473	Revenue other	650	29	29
<b>1,566</b>	<b>Total revenue</b>	<b>900</b>	<b>3,218</b>	<b>279</b>
<b>21,425</b>	<b>Total expenses</b>	<b>20,014</b>	<b>24,250</b>	<b>20,056</b>
<b>(19,859)</b>	<b>Net surplus/(deficit)</b>	<b>(19,114)</b>	<b>(21,032)</b>	<b>(19,777)</b>

This output class includes expenses relating to the provision of the Landonline service, but has little revenue of its own, and as such operates at a deficit. Revenues to fund these expenses are collected from survey and titles lodgement and search services in the output classes Land and Seabed Data Capture and Processing and Land and Seabed Information Access and Dissemination.

<sup>154</sup> The measure in the *Vote Lands 2010/11 Performance Information for Appropriations* was 'The IT infrastructure is maintained to ensure that it is available to the business systems that utilise it.' The measure was revised to clarify its objectives.

<sup>155</sup> This result related to the measure 'IT infrastructure maintained to ensure it is available to the business systems that use it.' The standard was 'Service level agreements for the business systems met each month.'

# Policy Advice

## Policy advice to the Government and Minister relating to land and property information, and providing support to the Minister

There is one output under this output class:  
Policy Development and Ministerial Servicing.

### POLICY DEVELOPMENT AND MINISTERIAL SERVICING

Our policy advice encompasses new policy proposals, reviews of legislation and proposed new legislation, and reports to Cabinet, Cabinet committees, and Parliamentary select committees. We also consult with and advise other departments on policy matters.

Our Ministerial support includes replying to Ministerial correspondence, responding to Parliamentary questions, and producing accountability documents.

#### Summary of performance

We managed an increased volume of Cabinet papers this year, due mainly to the need for fast, effective policy responses to earthquake-related land and property rights issues in Canterbury.<sup>156</sup> Another important focus was policy development

on the technical aspects for introducing earning capacity rents for South Island High Country pastoral leases.

In addition, we continued to support the cross-government Treaty of Waitangi settlements programme and timeframes by providing input and advice into relevant Cabinet papers and draft settlement legislation.

We are using the outcomes of the Treasury-led review of central government policy advice to focus on continued improvements.<sup>157</sup> A key focus is collaborating and aligning policy functions with other agencies in the Natural Resources Sector to deliver continued improvements in the quality and cost-effectiveness of policy advice.<sup>158</sup> We also commission periodic review of our policy advice by the New Zealand Institute of Economic Research, which has assessed our policy product as adequate, the average score among agencies assessed.<sup>159</sup>

The higher volume of Ministerial support activities managed was due in part to a 25% increase in Official Information Act requests from 2009/10. Of the 225 OIA requests received, 153 related to overseas investment applications.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
Meet the demanded number of Ministerial support activities (e.g. policy briefings, draft replies for letters, OIA requests, and Parliamentary questions). <sup>160</sup>	300 (range 250-300)	368 <sup>161</sup>	331
<b>Quality</b>			
The percentage of draft Cabinet papers accepted by the Minister without substantive amendment to the underlying policy.	90%	100%	100%
The percentage of briefings accepted by the Minister without substantive amendment to the underlying policy.	90%	100%	New measure
The percentage of draft responses to Ministerials accepted by the Minister without substantive amendment to the underlying policy.	90%	99%	100%
The percentage of LINZ's accountability documents that meet good practice guidelines.	100%	100% <sup>162</sup>	100%
The percentage of policy advice delivered to specified deadlines agreed with the Minister (including any agreed extensions).	100%	100%	100%

<sup>156</sup> Twenty-two Cabinet papers, compared to 12 in 2009/10.

<sup>157</sup> The final report on the review was provided to the Government in December 2010. Government agreed a suite of actions in response to the review's recommendations in April 2011.

<sup>158</sup> Of the 30 agencies (or groups of agencies) covered in the review, LINZ is the third smallest by appropriations.

<sup>159</sup> The last review was in April 2010.

<sup>160</sup> Measure amended from 'Provision of Ministerial support services as required, including: policy briefings, draft replies for letters to the Minister, responses to Official Information Act requests, and draft responses to Parliamentary questions.'

<sup>161</sup> This consisted of 108 Ministerials, 225 Official Information Act requests, 31 written Parliamentary questions, and four oral questions.

<sup>162</sup> Refers to accountability documents being completed on time and to legislative requirements.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quality</b>			
The percentage of draft responses to Ministerial correspondence processed within 10 working days or by a date agreed with the Minister's office.	100%	100%	100%
The percentage of draft responses to Parliamentary questions processed within deadline.	100%	100%	100%

## OUR FINANCIAL PERFORMANCE

Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
1,977	Revenue Crown	2,521	2,822	2,521
-	Revenue other	-	43	43
<b>1,977</b>	<b>Total revenue</b>	<b>2,521</b>	<b>2,865</b>	<b>2,564</b>
<b>1,977</b>	<b>Total expenses</b>	<b>2,521</b>	<b>2,847</b>	<b>2,546</b>
<b>0</b>	<b>Net surplus/(deficit)</b>	<b>0</b>	<b>18</b>	<b>0</b>

The increase in expenses from 2009/10 to 2010/11 resulted from a review of the allocation of LINZ's support costs.

# Standards and Quality Assurance

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Ensuring that the regulatory frameworks that create and protect property rights – and protect the public interest in Crown property management, rating valuations, and the land information for which LINZ is responsible – are managed effectively and that delivery against the frameworks is quality assured

There is one output under this output class:

Regulatory Intervention.

## REGULATORY INTERVENTION

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Under this output, we manage risks to property rights through regulating land titles, geodetic and cadastral survey, rating valuations, and Crown property.

The statutory officers who carry out this regulation within LINZ are the Registrar-General of Land, the Surveyor-General, the Valuer-General, and the Commissioner of Crown Lands.<sup>163</sup>

These statutory officers regulate both LINZ's work activity and that of customers such as surveyors and conveyancers. If they need to intervene to manage any risks to property rights, the tools they use include standards, guidelines, and education material.

The focus of the annual work programme is to deliver both planned interventions such as regular reviews of our existing regulation, and priority interventions, which are generally unplanned and arise from legislative activity or the need to mitigate risks created by external factors in the environment.

In addition, our internal business and regulatory assurance team undertakes an annual regulatory audit programme and monitors compliance with it. This helps to provide assurance that LINZ is effectively managing risks to property rights.

### Summary of performance

#### *Planned interventions*

An important focus of our planned intervention work programme was the publication of guidance to help surveyors interpret the Rules for Cadastral Survey 2010, which came into force in May 2010. In accordance with our principle of regulating 'as little as possible, as much as necessary', the 2010 Rules set out the minimum compliance standards surveyors need to meet in carrying out cadastral surveys and lodging cadastral survey datasets with LINZ.<sup>164</sup>

We also amended the Ratings Valuation Rules, which help ensure the rating valuation system is nationally consistent and equitable (among other things), and published a handbook of best practice guidance to assist territorial authorities and their valuation service providers in undertaking 2011 revaluations.<sup>165</sup>

The Registrar-General of Land's planned interventions included guidelines to help support the Unit Titles Act 2010 and a standard for verifying the identity of people registering land transactions. The latter is part of our ongoing activity to minimise the risk of identity fraud to New Zealanders' property rights.<sup>166</sup>

#### *Priority interventions*

Two important drivers for our priority work programme were interventions published to support Treaty of Waitangi settlements<sup>167</sup> and to assist surveyors in dealing with difficult boundary definition issues resulting from the earthquakes in Canterbury.<sup>168</sup>

The former contributed to our wider Treaty settlements work programme, which is driven by the Government's aspirational goal of negotiating settlements for historic grievances by 2014. The Canterbury-related survey interventions contributed to our wider efforts to support recovery and rebuilding in the region, while protecting property rights.<sup>169</sup>

<sup>163</sup> The primary pieces of legislation that give these officers their mandate are the Land Transfer Act 1952, Cadastral Survey Act 2002, Rating Valuations Act 1998, Land Act 1948, and the Crown Pastoral Land Act 1998.

<sup>164</sup> LINZG657001 Interpretation guide to Rules for Cadastral Survey.

<sup>165</sup> LINZS30300 Rating Valuation Rules 2008 (1 October 2010) and LINZG30700 Rating revaluation handbook.

<sup>166</sup> LINZG20720 Interim guideline for Unit Titles Act 2010 and LINZS2002 Verification of identity for registration under the Land Transfer Act 1952. Other planned interventions were LINZG20706 Guideline for stop notices and LINZS25008 Standard for Ross Sea Region geodetic datum 2000 projections.

<sup>167</sup> LINZS15001 Interim standard for Treaty settlement requirements for Crown-owned land (Taranaki Whanui update), LINZG20721 Whakarewarewa and Roto-a-Tamaheke Vesting Act 2009 registration guideline, LINZG20722 Waikato-Tainui Raupatu Claims Settlement Act 2010 registration guide, and LINZG20719 Ngāti Apa (North Island) Claims Settlement Act 2010 registration guideline.

<sup>168</sup> LINZS65001 Rules for Cadastral Survey (Canterbury Earthquake) 2010 and LINZG65702 Guideline for Rules for Cadastral Survey (Canterbury Earthquake) 2010.

<sup>169</sup> Other priority interventions were LINZR65312 Ruling amending Rule 3.1(b) to remove its application to adopted marks, LINZR65310 Ruling enabling units defined prior to 2010 Rules to be carried forward, and LINZS20008 Standard for requirements for warranting LINZ employees with appropriate delegations.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The number of planned reviews of existing regulatory interventions completed.	5	7	16
The number of priority regulatory interventions, arising from environmental or other factors, completed.	5 <sup>170</sup>	9	22
<b>Quality</b>			
The percentage of regulatory interventions that are in accordance with the LINZ regulatory framework.	100%	100%	100%
The percentage of planned regulatory framework interventions completed in accordance with regulatory frameworks and processes project plans.	95%	100%	100%

## OUR FINANCIAL PERFORMANCE

	Actual 2010 \$000	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
971 Revenue Crown		966	1,909	966
1,166 Revenue other		1,628	1,630	1,630
<b>2,137 Total revenue</b>		<b>2,594</b>	<b>3,539</b>	<b>2,596</b>
<b>6,204 Total expenses</b>		<b>6,825</b>	<b>8,305</b>	<b>6,846</b>
<b>(4,067) Net surplus/(deficit)</b>		<b>(4,231)</b>	<b>(4,766)</b>	<b>(4,250)</b>

This output class includes expenses relating to the regulatory function of the Landonline service, but has little revenue of its own. As such, it operates at a deficit. Revenues to fund these expenses are collected from survey and titles lodgement and search services in the output classes Land and Seabed Data Capture and Processing and Land and Seabed Information Access and Dissemination.

<sup>170</sup> The *Vote Lands 2010/11 Performance Information for Appropriations* incorrectly noted a budgeted standard of 15 priority interventions. Please see page 69 for more information.



# Administration of the Overseas Investment Act 2005

## The assessment of applications for consent to the acquisition of investments in New Zealand land, significant business assets, and fishing quota; monitoring and enforcement

There is one output under this output class:

The Overseas Investment Office.

### THE OVERSEAS INVESTMENT OFFICE

The Overseas Investment Office (OIO) considers applications for consent from overseas people wanting to invest in sensitive New Zealand land, significant business assets, and fishing quota.<sup>171</sup>

For some applications, the OIO advises relevant Ministers on whether these should be granted or declined (other decisions are delegated to the OIO).

The Office also monitors compliance with any conditions of consent imposed on granted applications, and monitors assets that were the subject of declined, lapsed, or withdrawn applications.<sup>172</sup>

#### Summary of performance

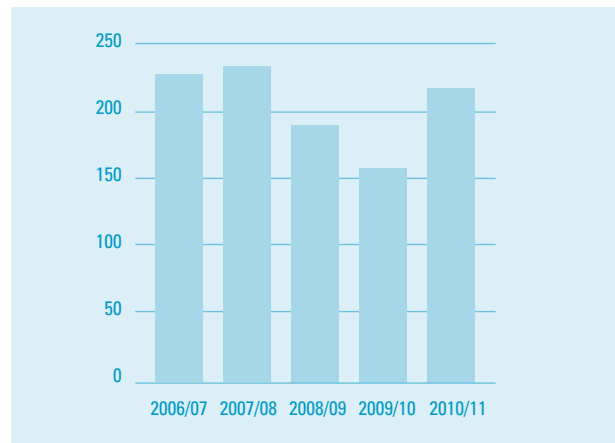
##### Application volumes

The volume of applications processed under this output is largely driven by global demand for New Zealand investments. In 2010/11, the Office managed a 37% increase in applications accepted for processing (217 in total) over the previous year with volumes similar to the levels seen in the 2006/07 and 2007/08. See graph 5.

Another factor influencing the volume of work was the complex analysis involved in some of the applications received, such as those by Natural Dairy (NZ) Holdings Ltd to acquire the Crafar farm properties. One hundred and eighty applications (83% of all applications accepted for processing) were sensitive land acquisitions, which involve complex analysis.<sup>173</sup>

The high public awareness of the Crafar farm properties applications and others also saw the OIO manage a considerable increase in media information requests: 311, compared to 143 in 2009/10.

Graph 5: Number of overseas applications accepted for processing



##### Quality and timeliness of decision-making

2010/11 saw a continuation of high levels of acceptance of the OIO's recommendations by the relevant Ministers, which indicates Ministers found the quality of decision-making to be robust.<sup>174</sup>

As outlined in the table overleaf, the OIO's timeliness standards for accepting and processing applications were not met due to vacancies at various times during the year, and the significant resources committed to the Crafar farms applications (two full-time staff and two part-time staff). The OIO made an active decision to prioritise high-quality investigation, analysis, and decision-making over timeliness because of the complexities involved.

The OIO is now categorising applications by complexity, which will provide applicants with greater clarity around processing times.

<sup>171</sup> Whether land is "sensitive land" or not is determined by the type of land and area thresholds detailed in the Overseas Investment Act. For example, five hectares of farm land is considered "sensitive land" while three hectares is not.

<sup>172</sup> The OIO can take action where any breaches of the overseas investment legislation have occurred. Under this output, the OIO also keeps statistical and other information on overseas investment.

<sup>173</sup> All applicants must show business experience and acumen, must demonstrate financial commitment to the investment, must be of good character, and must not be ineligible for visas or entry permission under the Immigration Act 2009. Beyond these criteria, if the investment involves sensitive land, the OIO needs to consider 21 factors to determine whether the proposed overseas investment transaction will, or is likely to, benefit New Zealand. For example, one factor is determining whether the transaction will result in increased market competition or greater productivity in New Zealand.

<sup>174</sup> Ninety-seven percent of reports to Ministers required no further information or clarification, compared to 99.4% in 2009/10 and 98% in 2008/09.

In the OIO's survey of applicants' lawyers, 66% of respondents gave an overall 'above average' rating.<sup>175</sup> Respondents' main areas of concern related to difficulties in preparing applications (with regard to the amount and detail of information required) and in understanding the legislation. In rating service delivery:

- 87% rated the OIO 'above average' for timeliness in responding to enquiries
- 83% rated them 'above average' for the overall level of service.

#### *Improved monitoring and investigation of breaches of the legislation*

The Office monitors all consented applications for compliance against the conditions imposed on each consent. During the year, the OIO rolled out improved functionality in its information management system to enable more efficient monitoring of conditions.

The OIO found applicants had complied with their conditions of consent, or that compliance could reasonably be excused, for 515 of the 530 monitoring activities undertaken.<sup>176</sup> The Office began 'management to compliance' programmes for 10 instances where applicants had not complied with consent conditions.<sup>177</sup>

Aside from this routine monitoring of consent conditions, the OIO follows up all public alerts in relation to potential breaches of the legislation. The Office also monitored all 15 applications filed in 2009/10 that did not receive consent to ensure the investments did not take place in breach of the legislation.

#### *Review of the Overseas Investment Act*

During the year, the OIO provided support for a Treasury-led review of the Overseas Investment Act. This review resulted in amendments to Overseas Investment Regulations to:

- improve Ministerial flexibility in responding to both current and future economic concerns about foreign investment (such as large-scale ownership of farmland), and
- enable Ministers to consider whether an investment provides opportunities for New Zealand oversight or involvement.

These changes took effect on 13 January 2011, as did a new Ministerial directive letter, which provided extra clarity and certainty for potential investors about the Government's general approach to foreign investment in sensitive assets.<sup>178</sup> The letter also provides advice to the OIO about which factors in the benefit test are likely to be more or less important in assessing particular types of investments.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quality</b>			
The percentage of acceptance by Ministers of recommendations on applications, for those applications requiring Ministerial decision. <sup>179</sup>	95%	97%	99.4%
The percentage of advice and information provided to support the Treasury policy process is accurate and timely.	95%	95%	New measure
OIO processes are perceived by applicants' solicitors to be effective.	Target rating score of 3-5	66% rated the OIO 4 (above average)	4 in the inaugural quarterly survey
The percentage of applications screened for registration within 5 working days of receipt. <sup>180</sup>	100%	89.69%	95.43%
The percentage of accepted applications that are under active consideration by the OIO that are processed in 20 working days or less.	90%	37.91%	79.72% processed within 50 working days <sup>181</sup>
The percentage of applications for consent monitored for compliance against the conditions of consent.	100%	100%	New measure

<sup>175</sup> This survey was sent to applicant's lawyers following every decision. The response rate was 18.5%.

<sup>176</sup> The OIO found three cases where conditions of consent had not been fulfilled as the proposed transaction did not take place, and two cases where the investment was on-sold before the condition was required to be complied with.

<sup>177</sup> Of these ten cases, four were closed after the applicant subsequently complied with the relevant condition, and the OIO continues to monitor the remaining six instances.

<sup>178</sup> Under the changes, the OIO must consider two new factors under the benefit test used to assess investments in sensitive land.

<sup>179</sup> This measure is different from that set out in the *Vote Lands 2010/11 Performance Information for Appropriations*. See page 69 for more information.

<sup>180</sup> Measure was amended from '100% of applications are accepted for registration, or rejected for re-work, within 5 working days.'

<sup>181</sup> The measure and standard for 2009/10 were to process 90% of accepted applications within 50 working days.

## OUR FINANCIAL PERFORMANCE

Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
1,907	Revenue other	3,577	2,404	2,404
<b>1,907</b>	<b>Total revenue</b>	<b>3,577</b>	<b>2,404</b>	<b>2,404</b>
<b>2,401</b>	<b>Total expenses</b>	<b>2,742</b>	<b>2,582</b>	<b>2,826</b>
<b>(494)</b>	<b>Net surplus/(deficit)</b>	<b>835</b>	<b>(178)</b>	<b>(422)</b>

The increase in revenue for 2010/11 relates to the increase in application volumes. Expense increases related to one-off additional legal costs and an internal re-organisation of the OIO.

# Ocean Survey 20/20 Programme

## Undertaking initiatives within the Ocean Survey 20/20 Programme

There is one output under this output class:

Ocean Survey 20/20.

### OCEAN SURVEY 20/20

This output pays for initiatives under the cross-government Ocean Survey 20/20 Programme. The Programme aims to provide New Zealand with better knowledge about its ocean territory.<sup>182</sup> LINZ coordinates the Programme.

#### Summary of performance

As agreed with the government stakeholders for the Ocean Survey 20/20 Programme, the two surveys planned for this year were both completed within the allocated timeframe. The surveys mapped mineral resources in the Kermadec Arc, with a focus on three underwater volcanoes, and examined biodiversity and habitat hotspots around New Zealand's inner continental shelf.

In keeping with our aim of increasing the productive use of geospatial information, we also launched [www.os2020.org.nz](http://www.os2020.org.nz) with the National Institute of Water and Atmospheric Research (NIWA), which links the public to the vast amount of data collected under the Programme. For example, data from the Bay of Islands Coastal Survey Project provides a resource for decision-making on the area's marine life and supporting ecosystems.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
The percentage of surveys completed by the <i>RV Tangaroa</i> within the allocated days for survey projects.	100%	100%	New measure <sup>183</sup>
<b>Quality</b>			
The percentage that the <i>RV Tangaroa</i> is utilised for survey projects in accordance with the standards set out in the contract for the utilisation of <i>RV Tangaroa</i> between LINZ and NIWA Vessel Management.	Standards and specifications met	Standards and specifications in the contract were met.	Standards and specifications were met. <sup>184</sup>
The percentage of milestones for survey projects achieved.	100%	100%	100% <sup>185</sup>

<sup>182</sup> The areas primarily covered are New Zealand's exclusive economic zone, continental shelf, and the Ross Sea Region.

<sup>183</sup> Our measure for 2009/10 was 'All survey projects will be carried out with specific performance measures and standards to be specified in a contract between LINZ as the coordinating agency and the lead agency for each project.' The standard was 'Phase 2 survey completed.' We reported the result, 'Survey contracts have been agreed with NIWA.'

<sup>184</sup> The result published was 'Survey programme was agreed with key stakeholders and included in the NIWA contract and a contract was agreed and signed by NIWA.'

<sup>185</sup> In our 2009/10 annual report, we reported that all milestones for achieving key dates were met.

## OUR FINANCIAL PERFORMANCE

Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
7,776	Revenue Crown	3,791	3,726	3,797
-	Revenue other	-	-	-
<b>7,776</b>	<b>Total revenue</b>	<b>3,791</b>	<b>3,726</b>	<b>3,797</b>
<b>7,776</b>	<b>Total expenses</b>	<b>3,791</b>	<b>3,726</b>	<b>3,797</b>
<b>0</b>	<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

The lower costs in 2010/11 were due to the conclusion in 2010 of one-off funding for the Bay of Islands Coastal Survey. No one-off research programmes were funded in 2011.

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

The expenses incurred under the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008, including: Board/committee meetings, secretariat personnel, consultation, public advertising and publicity, national and international liaison and representation, and Board publications

There is one output under this output class:

Official Place Names.

## OFFICIAL PLACE NAMES

The Board – a statutory body appointed by government – is responsible for official place naming in New Zealand, the Ross Dependency of Antarctica, and the continental shelves of both areas. LINZ administers the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 and the Board's funding.

The Board considers proposals from various sources<sup>186</sup> to assign, alter, approve, validate, or discontinue official names, and also:

- investigates the position and extent of official names
- adopts policies, rules, and standards for official names, and
- administers the New Zealand Gazetteer of Official Geographic Names.

The views of local communities and the wider public, iwi, and other parties are an important part of the Board's considerations for place names.

## Summary of performance

The Board publishes an annual report, which outlines its performance for 2010/11. A summary is included on pages 108-109 of this annual report.

As outlined in the table below, the Board considered 89% more 'standard' place name proposals than expected, due to it reconsidering some names in the year that had been deferred from 2009/10.

The number of historic place names considered was well below the range. An expected 1,656 Antarctic names were deferred until 2011/12 to allow LINZ to put in place processes for improving the positional coordinates of these names as part of our new Antarctic mapping. Deferral meant the Board will not have to gazette (or officially publish) the names twice, resulting in time and resource savings.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quantity</b>			
Meet the demanded number of official place name proposals considered by the Board.	100 (est) (range 75-150)	284	276 <sup>187</sup>
Meet the demanded number of new official place name proposals for Treaty of Waitangi settlements considered by the Board.	70 (est) (range 30-300)	117	177
Meet the demanded number of historic official place names brought under the Act reviewed by the Board.	2,250 (est) (range 2,000-2,500)	300	New measure
<b>Quality</b>			
All consultation on official place names will be carried out in accordance with good practice for consultation and the Board policies.	100%	100%	100%
The percentage of new official place name proposals (including Treaty of Waitangi settlements) received before the deadline set by the Board that will be considered at the next Board meeting.	95%	100%	96.4%

<sup>186</sup> For example, the Board considers name proposals from OTS in relation to Treaty settlements, from territorial authorities for alterations to district and council names, and from members of the public.

<sup>187</sup> This result includes the 177 Treaty settlement names considered in 2009/10.

## OUR FINANCIAL PERFORMANCE

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Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
1,283	Revenue Crown	1,441	786	1,445
-	Revenue other	-	-	30
<b>1,283</b>	<b>Total revenue</b>	<b>1,441</b>	<b>786</b>	<b>1,475</b>
<b>1,283</b>	<b>Total expenses</b>	<b>1,441</b>	<b>786</b>	<b>1,475</b>
<b>0</b>	<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

The increase in expenses from the Main Estimates is due to our introducing an improved cost-allocation model in 2009/10. Cost adjustments under this new model for 2010/11 occurred in the Supplementary Estimates.

# Non-departmental output class

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

## OUTPUT – CONTAMINATED SITES

The objective of this appropriation is to:

- facilitate the letting of contracts by competitive tender for the investigation and analysis of possible contamination on former Crown-owned land (now in private ownership) and Crown land held by LINZ, and
- ensure identified areas of contamination that the Crown has accepted responsibility for are further investigated and appropriate remedial action is taken.

The Crown carries out analysis and investigations for possible contamination on a reactive basis. Where the Crown has accepted responsibility for a contaminated site, contracts will be let by competitive tender to undertake either further investigation or the appropriate remedial action.

Performance measures	2010/11 Budget standard	2010/11 Actual	2009/10 Actual
<b>Quality</b>			
All contracts for investigation, analysis, and remediation action are let by competitive tender.	100%	100%	New measure
The Minister will expect outputs to be delivered according to the contracts with the providers.	N/A	Further investigation and analysis continued on one site in accordance with the contract with the provider.  Monitoring and reporting continued on one site in accordance with the contract with the provider.  Two monitoring rounds, and reporting, were completed for one site in accordance with the contract with the provider.  Remediation, validation testing, and reporting was completed for one site.	Further investigation and analysis continued on one site in accordance with the contract.  Monitoring and reporting commenced on three sites in accordance with the contract.  Monitoring and reporting was completed for one site in accordance with the contract.



## MEASURES IN THE *VOTE LANDS 2010/11 PERFORMANCE INFORMATION FOR APPROPRIATIONS* SIGNIFICANTLY MODIFIED OR NOT REPORTED AGAINST

Output	Measure/Standard	Status	Reason
Overseas Investment Office	The quality of advice provided to the Minister on applications is clear, well-written, and based on evidence that supports the conclusions reached and is returned without substantive change. Standard: 95%	Modified as follows: The percentage of acceptance by Ministers of recommendations on applications, for those applications requiring Ministerial decision. Standard: 95%	The wording of this measure was revised as part of our review of performance measures in 2010/11.
Crown Property Management and Disposal Services	The percentage of property inspection reports submitted to the Commissioner of Crown Lands (CCL) within 6 weeks of inspection. Standard: 90%	Modified as follows: The percentage of property inspection reports submitted to the CCL within 8 weeks of inspection. Standard: 90%	The first two measures were modified as part of our review of performance measures in 2010/11. The timeframes for submitting property inspection and discretionary action reports were increased in our 2010/11 output plan to 8 weeks after we completed detailed analysis of the work involved in completing reports, including the involvement of third parties.
	The percentage of reports on applications/requests for discretionary actions submitted to the CCL within 7 weeks of receipt. Standard: 90%	Modified as follows: The percentage of reports for decisions about discretionary actions on pastoral land submitted to the CCL within 8 weeks of receipt of completed application. Standard: 95%	Consequently, we reported against the 8 week timeframes for 2010/11.
	The percentage of decisions on discretionary actions made within 7 weeks from receipt of completed application. Standard: 95%	Not reported on.	In making these revisions, we also identified that the third measure for decisions on discretionary actions was not controllable by LINZ or a measure of our performance. The decisions are made by the statutorily independent CCL. Consequently, we did not report on this measure.
	The percentage of work completed within the timeframes in LINZ Treaty settlement contractual and legislative compliance plans. Standard: 100%	Modified as follows: The number of settlements completed within the timeframes in LINZ Treaty settlement contractual and legislative compliance plans.	The wording of this measure was revised to clarify that the timeframes refer to the number of settlements due to be finalised within the financial year.
Regulatory Intervention	The number of priority regulatory interventions, arising from environmental or other factors, completed. Standard: 15 (range 2-8)	The standard for this measure was modified to 5 (range 2-8).	The <i>2010/11 Performance Information for Appropriations</i> incorrectly stated the standard as 15 rather than the intended '5'.

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# Financial statements

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main Estimates (note 2) 2011 \$000	Supplementary Estimates (note 2) 2011 \$000
<b>Income</b>					
46,157	Revenue Crown	3	49,624	47,115	52,313
39,906	Revenue other	3	44,131	58,086	42,959
<b>86,063</b>	<b>Total income</b>		<b>93,755</b>	<b>105,201</b>	<b>95,272</b>
<b>Expenditure</b>					
38,265	Personnel costs	4	38,365	37,558	37,805
5,761	Depreciation and amortisation	9, 10	5,771	5,427	5,427
2,756	Capital charge	5	2,774	2,622	2,622
461	Restructuring costs		1,377	-	-
53,527	Other operating expenses	6	55,247	59,315	64,446
<b>100,770</b>	<b>Total expenditure</b>		<b>103,534</b>	<b>104,922</b>	<b>110,300</b>
<b>(14,707)</b>	<b>Net surplus/(deficit) and total comprehensive income</b>		<b>(9,779)</b>	<b>279</b>	<b>(15,028)</b>

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

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

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

Actual 2010 \$000		Note	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
<b>Assets</b>					
<b>Current assets</b>					
2,959	Cash and cash equivalents		8,544	5,847	2,580
5,555	Trade and other receivables	7	5,471	10,318	4,266
889	Prepayments		528	2,325	789
1,344	Inventory	8	1,011	1,073	1,294
<b>10,747</b>	<b>Total current assets</b>		<b>15,554</b>	<b>19,563</b>	<b>8,929</b>
<b>Non-current assets</b>					
39,357	Intangibles – software	10	36,401	41,249	37,541
1,428	Capital work in progress	11	2,122	-	-
<b>40,785</b>	<b>Total intangibles – software</b>		<b>38,523</b>	<b>41,249</b>	<b>37,541</b>
5,178	Property, plant, and equipment	9	3,499	7,103	5,027
<b>45,963</b>	<b>Total non-current assets</b>		<b>42,022</b>	<b>48,352</b>	<b>42,568</b>
<b>56,710</b>	<b>Total assets</b>		<b>57,576</b>	<b>67,915</b>	<b>51,497</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
7,710	Trade and other payables	12	9,216	13,609	4,119
2,869	Provisions	13	1,702	453	796
4,407	Employee entitlements	14	3,403	7,898	6,936
281	Deferred revenue		166	64	231
<b>15,267</b>	<b>Total current liabilities</b>		<b>14,487</b>	<b>22,024</b>	<b>12,082</b>
<b>Non-current liabilities</b>					
3,093	Employee entitlements	14	2,442	4,473	4,093
<b>3,093</b>	<b>Total non-current liabilities</b>		<b>2,442</b>	<b>4,473</b>	<b>4,093</b>
<b>18,360</b>	<b>Total liabilities</b>		<b>16,929</b>	<b>26,497</b>	<b>16,175</b>
<b>38,350</b>	<b>Net assets</b>		<b>40,647</b>	<b>41,418</b>	<b>35,322</b>
<b>Taxpayers' funds</b>					
38,350	General funds	15	40,647	41,418	35,322
<b>38,350</b>	<b>Total taxpayers' funds</b>		<b>40,647</b>	<b>41,418</b>	<b>35,322</b>

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

## STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For the year ended 30 June 2011

Actual 2010 \$000	Note	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
36,746	Balance as at 1 July	38,350	41,418	38,350
(14,707)	Total comprehensive income	(9,779)	279	(15,028)
16,333	Capital injections	12,000	-	12,000
(22)	Other movements	76	(279)	-
<b>38,350</b>	<b>Balance as at 30 June</b>	<b>40,647</b>	<b>41,418</b>	<b>35,322</b>

## STATEMENT OF CASHFLOWS

For the year ended 30 June 2011

Actual 2010 \$000	Note	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
<b>Cashflows from operating activities</b>				
48,588	Receipts from the Crown	52,029	47,115	52,565
1,913	Receipts from other departments	715	1,815	1,617
37,054	Receipts from revenue other	42,357	54,366	42,322
(59,770)	Payments to operating suppliers	(53,970)	(57,849)	(67,695)
(38,450)	Payments to employees	(41,359)	(37,096)	(36,277)
(2,716)	Payments for capital charge	(2,583)	(2,622)	(2,662)
271	Goods and services tax (net)	(254)	111	283
<b>(13,110)</b>	<b>Net cashflows from operating activities</b>	<b>(3,065)</b>	<b>5,840</b>	<b>(9,847)</b>
<b>Cashflows from investing activities</b>				
22	Receipts from sale of property, plant, and equipment	769	-	-
(1,365)	Purchase of property, plant, and equipment	(1,707)	(2,506)	(1,040)
(751)	Purchase of intangible assets	(2,412)	(4,427)	(1,492)
<b>(2,094)</b>	<b>Net cashflows from investing activities</b>	<b>(3,350)</b>	<b>(6,933)</b>	<b>(2,532)</b>
<b>Cashflows from financing activities</b>				
16,333	Capital contribution	12,000	(279)	12,000
<b>16,333</b>	<b>Net cashflows from financing activities</b>	<b>12,000</b>	<b>(279)</b>	<b>12,000</b>
1,129	Net increase/(decrease) in cash and cash equivalents	5,585	(1,372)	(379)
1,830	Cash and cash equivalents at the beginning of the year	2,959	7,219	2,959
<b>2,959</b>	<b>Cash at end of year</b>	<b>8,544</b>	<b>5,847</b>	<b>2,580</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 accompanying policies and notes form part of these financial statements.

## STATEMENT OF COMMITMENTS

As at 30 June 2011

### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant, and equipment, and intangible assets that have not been paid for or recognised as a liability at the balance sheet date. As at 30 June 2011, there were \$0.862 million of capital commitments (2010: nil). \$0.111 million relates to licences for the new Financial Management Information System. \$0.751 million relates to the build of the National Property and Land Information System.

### Non-cancellable operating lease commitments

LINZ has long-term leases over our premises. 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 office premises and office equipment under operating leases.

The leases typically run for a period of three years for buildings and office equipment, 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 2011, \$3.418 million was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2010: \$4.894 million). \$0.081 million was recognised as income in the Statement of Comprehensive Income in respect of subleases (2010: \$0.760 million).

### Other non-cancellable commitments

Non-cancellable contracts for supply of goods and services are mainly for Crown Property Management and Landonline system maintenance.

Actual 2010 \$000		Actual 2011 \$000
<b>Non-cancellable operating lease commitments</b>		
3,023	Not later than 1 year	2,152
2,914	Later than 1 year and not later than 5 years	734
<b>5,937</b>	<b>Total non-cancellable operating lease commitments</b>	<b>2,886</b>
<b>Other non-cancellable commitments</b>		
11,796	Not later than 1 year	11,479
9,728	Later than 1 year and not later than 5 years	831
335	Later than 5 years	220
<b>21,859</b>	<b>Total other non-cancellable lease commitments</b>	<b>12,530</b>
<b>27,796</b>	<b>Total commitments</b>	<b>15,416</b>

## STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2011

### Quantifiable contingent liabilities

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

Actual 2010 \$000		Actual 2011 \$000
5,805	Legal proceedings and disputes	2,887
<b>5,805</b>	<b>Total contingent liabilities</b>	<b>2,887</b>

### Legal proceedings and disputes

Legal proceedings and disputes would represent 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 (2010: 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 2011

Expenditure actual 2010 \$000	Appropriations for output expenses	Expenditure actual 2011 \$000	Appropriations voted* 2011 \$000	Variance favourable/ (unfavourable) \$000
1,977	Policy Advice	2,521	2,546	25
6,204	Standards and Quality Assurance	6,825	6,846	21
36,714	Land and Seabed Data Capture and Processing	43,095	47,080	3,985
21,425	Land and Seabed Information Storage and Management	20,014	20,056	42
4,652	Land and Seabed Information Access and Dissemination	4,035	4,200	165
18,338	Crown Property Management and Disposal Services	19,070	21,474	2,404
7,776	Ocean Survey 20/20 Programme	3,791	3,797	6
1,283	Administration of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008	1,441	1,475	34
2,401	Administration of the Overseas Investment Office Act 2005	2,742	2,826	84
<b>100,770</b>	<b>Total appropriations for output expenses</b>	<b>103,534</b>	<b>110,300</b>	<b>6,766</b>
	<b>Appropriations for capital expenditure</b>			
2,608	Capital expenditure	3,659	2,532	(1,127)
<b>2,608</b>	<b>Total appropriations for capital expenditure</b>	<b>3,659</b>	<b>2,532</b>	<b>(1,127)</b>

\* Includes adjustments made in the Supplementary Estimates.

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 we administer.

The primary objective of LINZ is to provide services such as transactions, 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 2011. The financial statements were authorised for issue by the Chief Executive on 30 September 2011.

### 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.

### Changes in accounting policies

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

LINZ has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 24 Related Party Disclosures (revised 2009) replaces NZ IAS 24 Related Party Disclosures (issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:
  1. Removes the previous disclosure concessions applied by LINZ for arm's-length transactions between the Department and entities controlled or significantly influenced by the Crown.

2. Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister related to Land Information New Zealand, the Department will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
3. Clarifies that related party transactions include commitments with related parties.

*Standards, amendments, and interpretations issued that are not yet effective and have not been adopted early*

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on classification and measurement of financial assets has been completed and has been published in a new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cashflow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Department has not yet assessed the effect of the new standard and expects it will not be early adopted.

### 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

LINZ 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.

### Surplus leased accommodation

The provision for surplus leased accommodation represents LINZ's liability under onerous lease agreements for surplus leased space. The provision is calculated on a net present value of the rental payable less any revenue expected to be collected. The liability created is then amortised over the term of the lease.



## 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 is 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 is 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 is expensed in the period in which it was incurred.

### 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 provided on a straight-line basis on all property, plant, and equipment, other than work in progress, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

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 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 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 LINZ 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 LINZ 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 we are contractually obliged to pay it, 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 cashflows.

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.

	2011	2010
Long-term discount rate	6.00%	6.00%
Salary inflation rate	3.50%	3.50%

### Presentation of employee entitlements

Sick leave, annual leave, vested long-service leave, 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 cashflows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

### Taxpayers' funds

Taxpayers' funds is 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.

### Budget figures

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements present the updated budget information from the Supplementary Estimates.

### 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 cashflow in the Statement of Cashflows.

Commitments and contingencies are disclosed exclusive of GST.

The GST rate was changed through legislation from 12.5% to 15% on 1 October 2010.

### 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 allocated 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 that partially relate to the production of outputs are those incurred from DCPCC that are not sufficiently direct to allocate directly.

Cost-drivers such as the number of full-time equivalent (FTE) staff, and floor usage were used when allocating costs in both of the above instances.

The Department revised cost-allocation calculations during the 2010/11 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 historic 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.

#### *Reinstatement provision*

Note 13 represents the Department's estimated liability to reinstate leased accommodation to its original state at the expiry of the lease term.

#### *Severance provision*

Note 13 includes LINZ's estimated liability for severance payments to employees. Assumptions have been made on 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, LINZ reviews the useful lives and residual values of our 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 LINZ, 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 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 has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant, and equipment are disclosed in note 9 and intangible assets in note 10.

## 2. BUDGET COMPOSITION

	2011 Main Estimates \$000	2011 Supplementary Estimates changes \$000	2011 Budget total \$000
<b>Income</b>			
Revenue Crown	47,115	5,198	52,313
Revenue other	58,086	(15,127)	42,959
<b>Total income</b>	<b>105,201</b>	<b>(9,929)</b>	<b>95,272</b>
<b>Expenditure</b>			
Depreciation and amortisation	5,427	-	5,427
Capital charge	2,622	-	2,622
Other operating expenses	96,873	5,378	102,251
<b>Total expenditure</b>	<b>104,922</b>	<b>5,378</b>	<b>110,300</b>
<b>Net surplus/(deficit)</b>	<b>279</b>	<b>(15,307)</b>	<b>(15,028)</b>

Explanations of major changes in the Supplementary Estimates:

### Revenue Crown

Revenue Crown was increased in the Supplementary Estimates primarily due to the transfer of Crown appropriation (and hence revenue Crown) from the 2009/10 financial year.

### Revenue other

Revenue other was forecast lower due to estimates of transaction volumes. The decrease in transaction volumes is directly correlated to the suppressed property market and volumes were much lower than initially forecast.

### Other operating expenditure

Other operating expenses have increased due to expenses transferred from the 2009/10 year to the 2010/11 financial year. The majority of the increase of \$5.378 million relates to the land tenure reform programme and hydrographic contracts.

This is in line with the corresponding increase in Revenue Crown.

### 3. REVENUE

Actual 2010 \$000		Actual 2011 \$000
<b>Crown revenue</b>		
1,977	Crown – Policy Advice	2,521
971	Crown – Standards and Quality Assurance	966
15,270	Crown – Land and Seabed Data Capture and Processing	21,099
93	Crown – Land and Seabed Information Storage and Management	250
1,301	Crown – Land and Seabed Information Access and Dissemination	1,108
7,776	Crown – Ocean Survey 20/20 Programme	3,791
17,486	Crown – Property Management and Disposal Services	18,448
1,283	Crown – New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008	1,441
<b>46,157</b>	<b>Total Crown revenue</b>	<b>49,624</b>
<b>Other revenue</b>		
873	Crown property sale fees	1,246
73	Electoral support services	30
1,394	Licence and sign-up fees	652
1,239	Miscellaneous	1,381
1,907	Overseas Investment Office applications	3,577
1,520	Rating valuation audit charge	1,638
8,955	Search fees	10,234
760	Sub-leased revenue	81
3,921	Survey fees	5,524
19,264	Titles fees	19,768
<b>39,906</b>	<b>Total other revenue</b>	<b>44,131</b>

### 4. PERSONNEL COSTS

Actual 2010 \$000		Actual 2011 \$000
37,779	Salaries and wages	37,033
448	Contract employees	870
206	ACC levies	201
1,045	Contributions to defined contribution plans	1,266
(1,213)	Increase/(decrease) in employee entitlements	(1,005)
<b>38,265</b>	<b>Total personnel costs</b>	<b>38,365</b>

### 5. CAPITAL CHARGE

LINZ pays a capital charge to the Crown based on our taxpayers' funds 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 2011 is 7.5% (2010: 7.5%). Changes to taxpayers' funds are mainly affected by capital contribution required for specific outputs. 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 plant, property, and equipment attributed to outputs, as a proxy for allocating capital charge.

## 6. OTHER OPERATING EXPENSES

Actual 2010 \$000		Actual 2011 \$000
211	Fees to auditors: Audit fees for the financial statement audit	179
4,894	Leasing and renting costs	3,418
7,918	Other operating costs	7,907
88	Net loss on disposal of property, plant, and equipment	949
2	Provision for doubtful debts	(20)
7,815	Professional services	10,489
11,390	Contracts for topography/hydrography	9,895
11,420	Computer operating costs	9,770
9,789	Crown property services	12,660
<b>53,527</b>	<b>Total other operating expenses</b>	<b>55,247</b>

## 7. TRADE AND OTHER RECEIVABLES

Actual 2010 \$000		Actual 2011 \$000
4,888	Debtors to non-related parties	5,484
(34)	Less: provision for doubtful debts	(13)
<b>4,854</b>	<b>Net debtors</b>	<b>5,471</b>
701	Monies receivable from the Crown	-
<b>5,555</b>	<b>Total trade and other receivables</b>	<b>5,471</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 2011, the Department has identified no debtors (2010: nil) that are insolvent.

The Department has no significant exposure to credit risk, as we have 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 2010 \$000		Actual 2011 \$000
47	Balance as at 1 July	34
2	Additional provisions made during the year	-
-	Reversal of unused provisions (see note 6)	(20)
(15)	Receivables written off during the period	(1)
<b>34</b>	<b>Balance as at 30 June</b>	<b>13</b>

As at 30 June 2011 and 2010, all overdue receivables were assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2011		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	4,186	-	4,186	5,090	-	5,090
Past due 1–30 days	285	-	285	262	-	262
Past due 31–60 days	229	-	229	104	-	104
Past due 61–90 days	85	-	85	28	(13)	15
Past due > 91 days	103	(34)	69	-	-	-
<b>Total</b>	<b>4,888</b>	<b>(34)</b>	<b>4,854</b>	<b>5,484</b>	<b>(13)</b>	<b>5,471</b>

## 8. INVENTORY

	Actual 2010 \$000	Actual 2011 \$000
1,339 Stock held for sale		1,011
5 Work in progress		-
<b>1,344 Total inventory</b>		<b>1,011</b>

The amount of inventory held for distribution carried at current replacement costs as at 30 June 2011 is nil (2010: nil).

The write-down of inventory held for distribution amounted to nil (2010: \$0.012 million). There have been no reversals of write-downs (2010: 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 (2010: 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 2009	5,333	115	9,649	618	1,083	16,798
Additions	534	-	829	-	-	1,363
Disposals	(592)	(26)	(925)	(354)	(492)	(2,389)
<b>Balance as at 30 June 2010</b>	<b>5,275</b>	<b>89</b>	<b>9,553</b>	<b>264</b>	<b>591</b>	<b>15,772</b>
Balance as at 1 July 2010	5,275	89	9,553	264	591	15,772
Additions	494	-	223	59	391	1,167
Disposals	(1,653)	(54)	(5,121)	(120)	(314)	(7,262)
<b>Balance as at 30 June 2011</b>	<b>4,116</b>	<b>35</b>	<b>4,655</b>	<b>203</b>	<b>668</b>	<b>9,677</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance as at 1 July 2009	4,874	107	4,981	589	997	11,548
Depreciation charge for the year	253	5	1,003	11	52	1,324
Eliminate on disposal	(567)	(26)	(844)	(355)	(486)	(2,278)
<b>Balance as at 30 June 2010</b>	<b>4,560</b>	<b>86</b>	<b>5,140</b>	<b>245</b>	<b>563</b>	<b>10,594</b>
Balance as at 1 July 2010	4,560	86	5,140	245	563	10,594
Depreciation charge for the year	172	3	939	8	23	1,145
Eliminate on disposal	(1,632)	(54)	(3,460)	(107)	(308)	(5,561)
<b>Balance as at 30 June 2011</b>	<b>3,100</b>	<b>35</b>	<b>2,619</b>	<b>146</b>	<b>278</b>	<b>6,178</b>
<b>Carrying amounts</b>						
As at 1 July 2009	459	8	4,668	29	86	5,250
As at 30 June 2010 and 1 July 2010	715	3	4,413	19	28	5,178
<b>As at 30 June 2011</b>	<b>1,016</b>	<b>-</b>	<b>2,036</b>	<b>57</b>	<b>390</b>	<b>3,499</b>

### Impairment

There has been no impairment to property, plant, and equipment during the financial year (2010: nil).

## 10. INTANGIBLES – ACQUIRED SOFTWARE ASSETS

Actual 2010 \$000	Cost	Actual 2011 \$000
103,664	Balance as at 1 July	103,676
223	Additions	1,711
(211)	Disposal	(25,176)
<b>103,676</b>	<b>Balance as at 30 June</b>	<b>80,211</b>
<b>Amortisation and impairment losses</b>		
59,882	Balance as at 1 July	64,319
4,437	Amortisation expense	4,626
-	Eliminate on disposal	(25,135)
<b>64,319</b>	<b>Balance as at 30 June</b>	<b>43,810</b>
<b>39,357</b>	<b>Total acquired software</b>	<b>36,401</b>
<b>Carrying amounts</b>		
	As at 1 July 2009	43,782
	As at 30 June and 1 July 2010	39,357
	<b>As at 30 June 2011</b>	<b>36,401</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 2010 \$000	Remaining amortisation period		Carrying 2011 \$000	Remaining amortisation period
38,074	Between 1 and 15 years*	Landonline	35,572	Between 1 and 14 years*

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

## 11. CAPITAL WORK IN PROGRESS

Actual 2010 \$000		Actual 2011 \$000
885	Balance as at 1 July	1,428
1,587	Additions	3,030
(834)	Work in progress capitalised to property, plant, and equipment	(2,336)
(210)	Write-offs	-
<b>1,428</b>	<b>Balance as at 30 June</b>	<b>2,122</b>

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

## 12. TRADE AND OTHER PAYABLES

Actual 2010 \$000		Actual 2011 \$000
6,672	Creditors and accrued expenses	6,553
232	ACC levy payable	215
766	GST, FBT, and PAYE payable	534
40	Creditor Crown	1,914
<b>7,710</b>	<b>Total trade and other payables</b>	<b>9,216</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 2010 \$000		Actual 2011 \$000
796	Reinstatement provision	600
2,073	Severance/restructure provision	1,102
<b>2,869</b>	<b>Total provisions</b>	<b>1,702</b>

	Surplus leased accommodation \$000	Reinstatement provision \$000	Severance provision \$000	Total \$000
<b>2010</b>				
Balance as at 1 July 2009	50	453	4,022	4,525
Additional provisions made during the year	-	343	400	743
Charge against provision for the year	(50)	-	(2,349)	(2,399)
<b>Balance as at 30 June 2010</b>	<b>-</b>	<b>796</b>	<b>2,073</b>	<b>2,869</b>
<b>2011</b>				
Balance as at 1 July 2010	-	796	2,073	2,869
Additional provisions made during the year	-	-	968	968
Charge against provision for the year	-	(196)	(1,939)	(2,135)
<b>Balance as at 30 June 2011</b>	<b>-</b>	<b>600</b>	<b>1,102</b>	<b>1,702</b>

#### Reinstatement provision

The reinstatement provision represents the Department's estimated liability to reinstate leased accommodation to its original state at the expiry of the lease term. The provision is calculated on the net present value of the estimated liability at lease expiry.

#### Severance provision

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

## 14. EMPLOYEE BENEFITS

Actual 2010 \$000		Actual 2011 \$000
<b>Current employee entitlements are represented by</b>		
2,641	Vested annual leave	2,370
135	Accrued sick leave	114
1,631	Accrued salaries and wages	919
<b>4,407</b>	<b>Total current employee benefits</b>	<b>3,403</b>
<b>Non-current employee entitlements are represented by</b>		
1,005	Vested retirement leave	250
2,088	Unvested long-service and retirement leave	2,192
<b>3,093</b>	<b>Total non-current employee benefits</b>	<b>2,442</b>
<b>7,500</b>	<b>Total employee entitlements</b>	<b>5,845</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 (6.00% for three plus 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 were based on rates supplied by the Treasury.

## 15. TAXPAYERS' FUNDS

Actual 2010 \$000		Actual 2011 \$000
<b>General funds</b>		
36,746	Balance as at 1 July	38,350
(14,707)	Net surplus/(deficit)	(9,779)
16,333	Capital contribution from the Crown	12,000
(22)	Other movements	76
<b>38,350</b>	<b>Total taxpayers' funds</b>	<b>40,647</b>

LINZ received a capital contribution of \$12 million from the Crown during 2010/11 to offset the deficit made by the survey and titles business. The total of capital contributions received in recent years is now \$41 million.

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

Actual 2010 \$000		Actual 2011 \$000
(14,707)	<b>Net surplus/(deficit)</b>	(9,779)
<b>Add back non-cash items:</b>		
1,324	Depreciation and assets written off	1,145
4,437	Amortisation of intangibles	4,626
<b>5,761</b>	<b>Total non-cash items</b>	<b>5,771</b>
<b>Add back items classified as investing activity</b>		
88	Net loss/(gain) on sale of plant, property and equipment	949
<b>Movements in working capital</b>		
(1,344)	(Increase)/decrease in inventory	333
1,672	(Increase)/decrease in receivables	84
102	(Increase)/decrease in prepayments	361
(1,132)	Increase/(decrease) in payables	1,387
(1,656)	Increase/(decrease) in provisions	(1,167)
(1,894)	Increase/(decrease) in employee entitlements	(1,004)
<b>(4,252)</b>	<b>Net movements in working capital</b>	<b>(6)</b>
<b>(13,110)</b>	<b>Net cash inflow/(outflow) from operating activities</b>	<b>(3,065)</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 the Department, as well as being our major source of revenue.

LINZ 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.

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

Key management personnel are those members of the Senior Leadership Team. The Senior Leadership Team consists of five general managers and one chief executive (2010: five general managers and one chief executive).

Key management personnel compensation (includes the Chief Executive and direct reports) is as follows:

Actual 2010 \$000		Actual 2011 \$000
1,564	Salaries and other short-term employee benefits	1,670
41	Post-employment benefits	-
<b>1,605</b>	<b>Total key management personnel compensation</b>	<b>1,670</b>

### Remuneration

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, and 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 our 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 LINZ, causing us to incur a loss. In the normal course of our business, the Department incurs credit risk from trade debtors and transactions with financial institutions.

LINZ 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 our 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 cashflows 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.

LINZ has no significant exposure to liquidity risk on our financial instruments.

In meeting our liquidity requirements, LINZ closely monitors our 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 our 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 \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
<b>2010</b>				
Creditors and other payables (see note 12)	7,710	-	-	-
<b>2011</b>				
Creditors and other payables (see note 12)	9,216	-	-	-

## 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:

Carrying amount 2010 Actual \$000	Fair value 2010 Actual \$000	Note	Carrying amount 2011 Actual \$000	Fair value 2011 Actual \$000
<b>Loans and receivables</b>				
2,959	2,959	Cash and cash equivalents	8,544	8,544
5,555	5,555	Trade and other receivables	7	5,471
<b>8,514</b>	<b>8,514</b>	<b>Total loans and other receivables</b>	<b>14,015</b>	<b>14,015</b>
<b>Financial liabilities measured at amortised cost</b>				
<b>6,672</b>	<b>6,672</b>	<b>Trade and other payables</b>	<b>12</b>	<b>6,553</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

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

The Department manages our 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 LINZ's equity is to ensure we effectively achieve the goals and objectives for which we have 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 2011

Actual 2010 \$000		Actual 2011 \$000
(10,668)	Balance as at 1 July	(26,928)
	<b>Income</b>	
34,602	Operating revenue	36,177
	<b>Expenses</b>	
50,862	Operating expenses	49,309
(16,260)	Net surplus/(deficit)	(13,132)
(26,928)	<b>Balance as at 30 June</b>	(40,060)

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

For the year ended 30 June 2011

Actual 2010 \$000		Actual 2011 \$000
(1,341)	Balance as at 1 July	(1,835)
	<b>Income</b>	
1,907	Income from OIO applications	3,577
	<b>Expenses</b>	
2,401	Expenses from OIO operations	2,742
(494)	<b>Surplus/(deficit) for the period</b>	835
(1,835)	<b>Balance as at 30 June</b>	(1,000)

## 23. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

### Revenue Crown

Actual revenue Crown is over the Main Estimates budget by \$2.51 million, but under the Supplementary Estimates budget by \$2.69 million as a result of approved Crown-funded expense transfers to 2011/12.

### Revenue other

Actual revenue other is under the Main Estimates budget by \$13.96 million due to suppressed property transaction volumes extending into the 2010/11 year. Revenues were reforecast down as part of the Supplementary Estimates.

### Personnel costs

Personnel costs were over that forecast in the Supplementary Estimates. This resulted from contract employee costs relating to the IT restructure being included as part of operating costs in the Estimates.

### Other operating expenditure

Other operating expenses were \$4.07 million below the Main Estimates budget, of which \$2.8 million has been requested to carry forward to the 2011/12 financial year. The largest carry-forwards are for:

- the land tenure reform programme (\$1.3 million), and
- hydrographic surveys (\$0.3 million).

## LINZ AS AN AGENT OF THE CROWN

### NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2011

#### Summary Of Non-Departmental Statements And Schedules

Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
19,655	Operating revenue and receipts	37,618	43,187	46,920
9,370	Capital revenue and receipts	23,266	6,966	6,966
18,207	Operating expenses	52,830	43,144	59,816
8,370	Capital expenses	11,805	24,039	23,272
481,413	Assets	460,156	697,812	478,595
51,025	Liabilities	49,355	55,287	46,634

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 this 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 2011.

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 2011.

## STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2011

	Actual 2010 \$000	Expenditure before remeasurements 2011 \$000	Remeasurements 2011 \$000	Expenditure actual 2011 \$000	Appropriation voted* 2011 \$000	Variance favourable/ (unfavourable) \$000
<b>Appropriations for output classes to be supplied by other parties</b>						
189	Contaminated sites	124	-	124	505	381
<b>189</b>	<b>Total</b>	<b>124</b>	<b>-</b>	<b>124</b>	<b>505</b>	<b>381</b>
<b>Appropriations for other expenses to be incurred by the Crown</b>						
-	Bad and doubtful debts	-	-	-	25	25
549	Crown forest management	620	-	620	851	231
3,893	Crown obligations – loss on disposal	246	-	246	251	5
982	Crown rates	978	-	978	1,107	129
323	Depreciation and amortisation	368	-	368	393	25
132	Inventory write-offs	-	-	-	-	-
594	Land liabilities	1,067	(830)	1,897	2,097	200
-	Residual Crown leasehold rents	(436)	(284)	(152)	263	415
14,064	Proceeds from sale of Transit New Zealand properties**	31,409	-	31,409	39,000	7,591
-	Ngāti Apa (North Island) settlement	300	-	300	300	-
321	Te Arawa iwi/hapū settlement	-	-	-	-	-
-	Transfer to iwi of Southern Arikikapakapa Reserve	15,024	-	15,024	15,024	-
<b>20,858</b>	<b>Total</b>	<b>49,576</b>	<b>(1,114)</b>	<b>50,690</b>	<b>59,311</b>	<b>8,621</b>
<b>Appropriations for capital investment relating to loans issued by the Crown</b>						
-	Loans for Crown pastoral lease holders	-	-	-	3,000	3,000
<b>-</b>	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>
<b>Appropriations for purchase of capital assets of the Crown</b>						
648	Crown acquisitions – Huntly East	1,110	-	1,110	2,000	890
3,893	Crown obligatory acquisitions	-	-	-	-	-
<b>4,541</b>	<b>Total</b>	<b>1,110</b>	<b>-</b>	<b>1,110</b>	<b>2,000</b>	<b>890</b>
<b>25,588</b>	<b>Total appropriations for the year</b>	<b>50,810</b>	<b>(1,114)</b>	<b>51,924</b>	<b>64,816</b>	<b>12,892</b>

\* Includes adjustments made in the Supplementary Estimates.

\*\* Transit New Zealand became part of the New Zealand Transport Agency (NZTA). LINZ appropriations continue to refer to Transit NZ. This will be updated when possible to reflect the new agency's name.

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 2011.



## STATEMENT OF NON-DEPARTMENTAL MULTI-YEAR APPROPRIATION

For the year ended 30 June 2011

The Statement of Non-Departmental Multi-Year Appropriation (MYA) details capital expenditure for the periods 2009/10 to 2010/11 against appropriations. The Department administers these appropriations on behalf of the Crown.

<b>Purchase or development of capital assets by the Crown</b>	<b>2010 \$000</b>	<b>2011 \$000</b>
<b>Land tenure reform acquisitions</b>		
Original appropriation	32,000	32,000
Cumulative adjustments	3,185	1,185
<b>Total adjusted appropriation</b>	<b>35,185</b>	<b>33,185</b>
Cumulative actual expenditure 1 July	7,841	11,670
Current year actual expenditure	3,829	10,695
<b>Cumulative actual expenditure 30 June</b>	<b>11,670</b>	<b>22,365</b>
<b>Appropriation remaining 30 June</b>	<b>23,515</b>	<b>10,820</b>

The current MYA finishes in 2010/11. The available funds were reduced in 2010/11 by \$2m to increase funding in Huntly East capital appropriation.

The balance remaining of \$10.820 million will be expense transferred to a new three-year MYA commencing 1 July 2011.

## SCHEDULE OF NON-DEPARTMENTAL INCOME

For the year ended 30 June 2011

<b>Actual 2010 \$000</b>		<b>Actual 2011 \$000</b>	<b>Main Estimates 2011 \$000</b>	<b>Supplementary Estimates 2011 \$000</b>
<b>Operating revenue</b>				
18,710	Sale of goods and services	37,515	43,116	46,849
945	Other operating revenue	103	71	71
<b>19,655</b>	<b>Total non-departmental operating revenue</b>	<b>37,618</b>	<b>43,187</b>	<b>46,920</b>

## SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

For the year ended 30 June 2011

<b>Actual 2010 \$000</b>		<b>Actual 2011 \$000</b>	<b>Main Estimates 2011 \$000</b>	<b>Supplementary Estimates 2011 \$000</b>
<b>Capital receipts</b>				
8,310	Property sales	20,080	6,000	6,000
1,060	Land tenure reform sales	3,186	966	966
<b>9,370</b>	<b>Total non-departmental capital receipts</b>	<b>23,266</b>	<b>6,966</b>	<b>6,966</b>

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 2011.

## SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2011

	Actual 2010 \$000		Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
<b>Operating expenses</b>					
189	Non-departmental output classes		124	500	505
<b>Other expenses to be incurred by the Crown</b>					
323	Depreciation and amortisation		368	359	393
229	Rental and leasing costs		132	263	263
(26)	Debts write-off/(recovered)		-	25	25
(833)	(Gain)/loss on revaluation of agricultural assets		(2,604)	-	-
4,056	Loss/(gain) on sale of properties		15,342	267	15,575
5,574	Remeasurements		1,114	-	-
3,110	GST input expense		5,157	2,317	2,317
5,585	Other operating expenses		33,197	39,413	40,738
<b>18,207</b>	<b>Total non-departmental operating expenses</b>		<b>52,830</b>	<b>43,144</b>	<b>59,816</b>
<b>Capital expenses</b>					
4,541	Property purchases		1,110	767	2,000
3,829	Land tenure reform purchases		10,695	23,272	21,272
<b>8,370</b>	<b>Total non-departmental capital expenses</b>		<b>11,805</b>	<b>24,039</b>	<b>23,272</b>

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

## SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2011

	Actual 2010 \$000	Note	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000
<b>Assets</b>					
<b>Current assets</b>					
17,662	Cash and cash equivalents		10,198	31,129	2,930
4,748	Trade and other receivables	4	4,925	2,952	9,156
36,491	Properties held for sale	6	130,404	25,929	21,404
100	Forests	7	140	-	-
66	Work in progress		469	374	264
-	Prepayments		-	-	285
<b>59,067</b>	<b>Total current assets</b>		<b>146,136</b>	<b>60,384</b>	<b>34,039</b>
<b>Non-current assets</b>					
414,169	Physical assets	8	298,826	629,311	431,839
3,330	Forests	7	10,507	3,430	8,030
4,840	Intangible assets	9	4,680	4,680	4,680
7	Debtors and receivables	4	7	7	7
<b>422,346</b>	<b>Total non-current assets</b>		<b>314,020</b>	<b>637,428</b>	<b>444,556</b>
<b>481,413</b>	<b>Total assets</b>		<b>460,156</b>	<b>697,812</b>	<b>478,595</b>

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 2011.

## SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2011

Actual 2010 \$000	Note	Actual 2011 \$000	Main Estimates 2011 \$000	Supplementary Estimates 2011 \$000	
<b>Liabilities</b>					
<b>Current liabilities</b>					
21,114	Trade and other payables	5	21,137	20,226	15,678
2,122	Provisions	10	1,742	9,836	2,357
<b>23,236</b>	<b>Total current liabilities</b>		<b>22,879</b>	<b>30,062</b>	<b>18,035</b>
<b>Non-current liabilities</b>					
9,030	Deferred income		8,843	8,889	8,998
18,759	Provisions	10	17,633	16,336	19,601
<b>27,789</b>	<b>Total non-current liabilities</b>		<b>26,476</b>	<b>25,225</b>	<b>28,599</b>
<b>51,025</b>	<b>Total liabilities</b>		<b>49,355</b>	<b>55,287</b>	<b>46,634</b>

## SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2011

### 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 non-cancellable contracts relating to property management.

Actual 2010 \$000		Actual 2011 \$000
<b>Operating commitments</b>		
<b>Non-cancellable contracts for supply of goods and services</b>		
232	Not later than 1 year	11
-	Later than 1 year and not later than 5 years	-
<b>232</b>	<b>Total non-cancellable contracts for supply of goods and services</b>	<b>11</b>
<b>232</b>	<b>Total operating commitments</b>	<b>11</b>

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 2011.

## SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

As at 30 June 2011

Quantifiable contingent liabilities are as follows:

	Actual 2010 \$000	Actual 2011 \$000
900 Legal proceedings and disputes		909
18,751 Other contingent liabilities		18,751
<b>19,651 Total contingent liabilities</b>		<b>19,660</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 proceeding 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.

## STATEMENT OF TRUST MONIES

For the year ended 30 June 2011

Account	As at 01 July 2010 \$000	Contribution \$000	Distribution \$000	As at 30 June 2011 \$000
Land Deposit Trust	5	-	(5)	-
Endowment Rentals Trust	1	171	(171)	1
Hunter Soldiers Assistance Trust	55	-	-	55
Crown Forestry Licences Trust	410	15,005	(15,207)	208
<b>Total</b>	<b>471</b>	<b>15,176</b>	<b>(15,383)</b>	<b>264</b>

### Land Deposit Trust

This Trust was established to hold monies in relation to land transactions. Monies are put on trust in order to earn interest.

Source of funds: interest earned on balance held in multi-deposit schemes.

### 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; Taranaki Scholarship Board; and Dunedin Endowment Leases (Otago University).

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

Source of funds: rentals.

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 2011.

### 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 licence 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 cashflows 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 figures

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

### 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 cashflows, discounted using the capital charge rate. The carrying amount is reduced through the use of a provision for doubtful debts accounts, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debtor 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 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
- Crown leases
- surplus government properties
- un-alienated Crown land
- railway properties, and
- other (soil conservation reserves and tourism assets).

The physical assets value is predominately land. However, the value also includes buildings, plant, and equipment.

### Revaluations

Land, buildings, and plant and equipment are revalued at least every three 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 cashflows 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 cashflows of future rental income expected to be received. Vacant land valuations are performed by Darroch Limited and are based on current market values.

For surplus government properties, un-alienated Crown land and railway properties, the valuations are conducted in accordance with the Rating Valuation Act 1998, then adjusted to better reflect market values. The adjusted rated value is the rated value multiplied by the Property Index, which takes into account current rating valuations and sales by land type or region.

The soil conservation reserve category contains many pieces of land with no assigned value given the location, size, or unalienable nature; these are held at nil value. There are five large soil conservation reserves with a value assigned to each; these are valued to market value by external valuers in a three-year rolling cycle.

Valuer	Date of valuation	Property type	Fair value of properties revalued \$000
Quotable Value Limited	Various	Crown forest land	113,905
Darroch Limited	June 2009/2010/2011	Crown pastoral land	9,211
Simes Limited	June 2009/2010/2011	Un-alienated Crown land	62,014

### 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.

Buildings, plant, and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses. Martin Veale (Telfer Young), an independent valuer, confirmed that the valuation approaches used as at 30 June 2010 were appropriate for determining fair value in accordance with NZ IFRS. There has been no change to the Crown's valuation methodology since June 2010.

### Valuers

Multiple valuers are engaged by LINZ. Valuers engaged in the last 12 months in order to determine the fair value of properties were Quotable Value Limited, Simes Limited, and Darroch Limited. 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.

### 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 as incurred.

### Depreciation

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

Type of asset	Estimated life
Buildings	50 years
Plant and equipment	10 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 life of the intangible assets have been determined as 35 years based on contractual rights.

## Biological 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 cashflows after tax. The valuations as at 30 June 2011 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 cashflows 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. ADDITIONAL INFORMATION

Summary of appropriations changes.

Appropriation	Main Estimates \$000	Supplementary Estimate changes \$000	Total appropriated 2011 \$000
<b>Non-departmental output classes</b>			
Contaminated Sites	500	5	505
<b>Total non-departmental output classes</b>	<b>500</b>	<b>5</b>	<b>505</b>
<b>Other expenses to be incurred by the Crown</b>			
Bad and doubtful debts	25	-	25
Crown forest management	780	71	851
Crown obligations – loss on disposal	267	(16)	251
Crown rates	1,107	-	1,107
Depreciation and amortisation	359	34	393
Land liabilities	843	1,254	2,097
Residual Crown leasehold rents	263	-	263
Proceeds from sale of Transit New Zealand properties	39,000	-	39,000
Ngāti Apa (North Island) settlement	-	300	300
Transfer to iwi of Southern Arikikipakapa Reserve	-	15,024	15,024
<b>Total other Crown expenses</b>	<b>42,644</b>	<b>16,667</b>	<b>59,311</b>
<b>Purchase or development of capital assets by the Crown</b>			
Crown acquisitions – Huntly East	500	1,500	2,000
Loans for Crown pastoral lease holders	-	3,000	3,000
Crown obligatory acquisitions	267	(267)	-
<b>Total Crown capital assets</b>	<b>767</b>	<b>4,233</b>	<b>5,000</b>
<b>Total appropriations</b>	<b>43,911</b>	<b>20,905</b>	<b>64,816</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

Other operating expenses are under-spent largely as a result of under-recovery from sales of New Zealand Transport Agency (NZTA) land. LINZ acts as a banker for NZTA, receiving income from land sales and refunding the proceeds back to NZTA. These refunds require an appropriation.

#### Capital receipts

Property sales are above the Supplementary Estimates as a result of land sales relating to the Ngāti Apa, Te Arawa, and Waikato Tainui (Waikato River) Treaty settlements.

#### Physical assets

Physical assets are \$115 million lower than for the prior year. The downward movement is mainly due to a reclassification of Crown forest land. \$115 million was classified as held for sale in the current year. This is in relation to properties involved in Treaty settlements. All have agreed transfer values and are expected to be transferred to iwi in the near future.

### 4. TRADE AND OTHER RECEIVABLES

Actual 2010 \$000		Actual 2011 \$000
3,460	Debtors to non-related parties	3,854
-	Less: provision for doubtful debts	-
<b>3,460</b>	<b>Net debtors</b>	<b>3,854</b>
440	Accounts receivables – departments	-
855	Accounts receivables – Crown entities	1,078
<b>4,755</b>	<b>Total trade and other receivables</b>	<b>4,932</b>
	<b>Represented by</b>	
4,748	Current	4,925
7	Non-current	7

Debtors are shown net of provision for doubtful debts which was nil in the current year (2010: nil). The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2011 and 2010, all overdue receivables were assessed for impairment and appropriate provisions were 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 2011, there were no debtors identified as insolvent (2010: nil).

Movements in the provision for doubtful debts are as follows:

Actual 2010 \$000		Actual 2011 \$000
27	Balance as at 1 July	-
(27)	Receivables written off during the period	-
<b>-</b>	<b>Balance as at 30 June</b>	<b>-</b>



## 5. TRADE AND OTHER PAYABLES

Actual 2010 \$000		Actual 2011 \$000
19,506	Creditors and accrued expenses	21,082
1,608	GST payable	55
<b>21,114</b>	<b>Total creditors and other payables</b>	<b>21,137</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. ASSETS HELD FOR SALE

Actual 2010 \$000		Actual 2011 \$000
11,976	Crown forest land	114,491
4,486	Crown pastoral land	-
16,290	Railway properties	9,490
880	Surplus government properties	3,270
2,859	Un-alienated Crown land	3,153
<b>36,491</b>	<b>Total non-current assets held for sale</b>	<b>130,404</b>

The \$130.404 million (2010: \$36.491 million) includes forest land, rated properties, and pastoral land classified as held for sale. They are expected to be disposed of in the near future as per disposal schedules (rated properties and forest land) and tenure reviews (pastoral land).

## 7. BIOLOGICAL ASSETS

Actual 2010 \$000	Cost	Actual 2011 \$000
100	Carrying amount as at 1 July	3,430
2,497	Additions	4,613
-	Disposals	-
833	Gain/(loss) from changes to fair value	2,604
<b>3,430</b>	<b>Carrying amount as at 30 June</b>	<b>10,647</b>
<b>Represented by:</b>		
100	Current	140
3,330	Non-current	10,507

The biological asset value consists of three 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 is known as McLaren Gully forest and 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.

Waerenga O Kuri and Tangoio forests were transferred to LINZ in March 2010 from the Ministry for the Environment. Waerenga O Kuri forest was established with Radiata Pine seedlings from 1977 to 1983 over 147.1ha. Tangoio forest consists of Radiata

Pine forest covering 240ha and was established from 1985 to 2008. 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 LINZ in October 2010 from the Ministry for the Environment. Wairakei forest's tree species are predominantly Radiata Pine, Douglas Fir, and Eucalyptus covering 667.6ha. 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 2011, LINZ held trees planted over 1,075.3ha (2010: trees planted over 404.7ha).

## 8. PHYSICAL ASSETS

	Crown forest land* \$000	Crown pastoral land \$000	Railway properties \$000	Surplus government properties \$000	Un-alienated Crown land \$000	Other \$000	Total \$000
<b>Cost or valuation</b>							
Balance as at 1 July 2009	213,907	124,751	58,734	16,085	83,170	-	496,647
Revaluation increase/(decrease)	24,451	(67,615)	3,352	(657)	6,914	2,288	(31,267)
Additions	-	5,775	-	35	651	3,287	9,748
Disposals/transfers to assets held for sale	(12,573)	(19,387)	(19,431)	(3,992)	(5,339)	-	(60,722)
<b>Balance as at 30 June 2010</b>	<b>225,785</b>	<b>43,524</b>	<b>42,655</b>	<b>11,471</b>	<b>85,396</b>	<b>5,575</b>	<b>414,406</b>
Balance as at 1 July 2010	225,785	43,524	42,655	11,471	85,396	5,575	414,406
Revaluation increase/(decrease)	10,097	(5,137)	15,393	670	3,870	(547)	24,346
Additions	-	10,260	-	-	5,955	18,176	34,391
Disposals/transfers to assets held for sale	(125,836)	(8,127)	(10,682)	(4,058)	(7,340)	(17,844)	(173,887)
<b>Balance as at 30 June 2011</b>	<b>110,046</b>	<b>40,520</b>	<b>47,366</b>	<b>8,083</b>	<b>87,881</b>	<b>5,360</b>	<b>299,256</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance as at 1 July 2009	-	-	-	-	(73)	-	(73)
Depreciation charge for the year	-	-	-	-	(155)	(8)	(163)
Reversal of impairment losses	-	-	-	-	(1)	-	(1)
<b>Balance as at 30 June 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(229)</b>	<b>(8)</b>	<b>(237)</b>
Balance as at 1 July 2010	-	-	-	-	(229)	(8)	(237)
Depreciation charge for the year	-	-	-	-	(181)	(27)	(208)
Reversal of impairment losses	-	-	-	-	8	7	15
<b>Balance as at 30 June 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(402)</b>	<b>(28)</b>	<b>(430)</b>
<b>Carrying amounts</b>							
As at 30 June 2009	213,907	124,751	58,734	16,085	83,097	-	496,574
As at 30 June 2010 and 1 July 2010	225,785	43,524	42,655	11,471	85,167	5,567	414,169
<b>As at 30 June 2011</b>	<b>110,046</b>	<b>40,520</b>	<b>47,366</b>	<b>8,083</b>	<b>87,479</b>	<b>5,332</b>	<b>298,826</b>

\* The Crown forest land classified under physical assets decreased by \$115 million. This is due to \$115 million being classified as held for sale (see note 6) in the current year. Of the \$115 million, all the properties included are involved in Treaty settlements, each have agreed transfer values, and the likelihood of settlement is high.

## 9. INTANGIBLE ASSETS

Actual 2010 \$000	Cost	Actual 2011 \$000
5,000	Carrying amount as at 1 July	5,000
-	Additions	-
-	Gain/(loss) from changes to fair value	-
<b>5,000</b>	<b>Carrying amount at 30 June</b>	<b>5,000</b>
	<b>Amortisation and impairment losses</b>	
-	Balance as at 1 July	160
160	Amortisation expense	160
-	Disposals	-
<b>160</b>	<b>Balance as at 30 June</b>	<b>320</b>
<b>4,840</b>	<b>Total intangible assets</b>	<b>4,680</b>
	<b>Carrying amounts</b>	
	As at 1 July 2009	5,000
	As at 30 June and 1 July 2010	4,840
	<b>As at 30 June 2011</b>	<b>4,680</b>

Intangible assets consist of an easement – a right to access land. The useful life of the right is 35 years, which is equivalent to the contractual length of the right.

## 10. PROVISIONS

Actual 2010 \$000		Actual 2011 \$000
484	Provision for onerous leases	460
594	Huntly East provision	599
1,044	Other	683
<b>2,122</b>	<b>Total current portion</b>	<b>1,742</b>
7,343	Provision for onerous leases	7,014
10,932	Huntly East provision	10,619
484	Other	-
<b>18,759</b>	<b>Total non-current portion</b>	<b>17,633</b>
<b>20,881</b>	<b>Total provisions</b>	<b>19,375</b>

	Provision for onerous leases	Huntly East provision \$000	Other provisions \$000	Total \$000
<b>2010</b>				
<b>Balance as at 1 July 2009</b>	9,531	16,336	1,193	27,060
Additional provisions made during the year	-	-	447	447
Amount utilised against provision for the year	(450)	-	(112)	(562)
Discounting changes	(1,254)	(4,810)	-	(6,064)
<b>Balance as at 30 June 2010</b>	<b>7,827</b>	<b>11,526</b>	<b>1,528</b>	<b>20,881</b>
<b>2011</b>				
<b>Balance as at 1 July 2010</b>	7,827	11,526	1,528	20,881
Additional provisions made during the year	-	-	350	350
Amount utilised against provision for the year	(484)	(594)	(1,195)	(2,273)
Discounting changes	131	286	-	417
<b>Balance as at 30 June 2011</b>	<b>7,474</b>	<b>11,218</b>	<b>683</b>	<b>19,375</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 3 The Terrace, Wellington, which expires in 2060.

### 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 2010 \$000		Note	Actual 2011 \$000
<b>Loans and receivables</b>			
17,662	Cash and cash equivalents		10,198
4,755	Debtors and other receivables	4	4,932
<b>22,417</b>	<b>Total loans and receivables</b>		<b>15,130</b>
<b>Financial liabilities measured at amortised cost</b>			
<b>21,114</b>	<b>Creditors and other payables</b>	5	<b>21,137</b>

### 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.

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# 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

# Legislation we administer

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## LEGISLATION ADMINISTERED BY LINZ:

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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  
Unit Titles Act 2010\*  
Valuers Act 1948.

(\* Administered jointly with the Ministry of Justice)

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).

# 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 2011.

	Details	Number	Total area (hectares)	Price paid \$000	Total yearly rent payable \$000
1(a)	Areas of private land or lessees' interest in Crown land purchased during the year	4	0.4222	1,117	-
1(b)	Areas of land purchased by the Office of Treaty Settlements under section 40 of the Land Act 1948*	4	55.6859	15,481	-
2	Leases and licences granted during the year	63	4,097	-	154
3	Leases and licences current at the end of the year	656	130,250	-	1,213

\* These purchases were funded from Vote: Treaty Negotiations.

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

The New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 came into force on 1 November 2008 (with sections 32 and 33 relating to compliance and enforcement coming into effect on 1 November 2009). Under the Act, the Board is required to report annually to the Minister for Land Information, and publish a summary in LINZ's annual report.

The Board's third report, summarised here, covers 1 July 2010 to 30 June 2011.

## About the Board's work

The Board is a statutory body of Government responsible for official geographic naming in New Zealand, its territorial waters and offshore islands, the undersea features of its continental shelf, and the Ross Dependency of Antarctica (including the undersea features of its continental shelf). The Board also reviews and concurs with the naming of Crown protected areas administered by the Department of Conservation.

Appointments to the 10-member Board are made by Government, and the Board is chaired by the Surveyor-General (ex officio). LINZ administers the 2008 Act and provides administrative support to the Board through a secretariat.

## Implementation of the 2008 Act

The passing of the 2008 Act represented the modernisation of the processes and practices of the Board, enabling it to assign new names, alter or discontinue existing ones, approve recorded names, validate existing names, and adopt recorded undersea names. Various ongoing tasks during 2010/11 were continued by the Board's secretariat to implement parts of the new legislation.

An interim Gazetteer of Official Geographic Names was created for New Zealand, offshore islands, railway, Antarctic, Crown protected areas, and undersea names, and made available to the public on the LINZ website. Work on a more comprehensive and integrated gazetteer database began in 2009. This project is due to be completed in 2012.

The review and adoption of more than 850 existing undersea names continued during 2010/11. Liaison with the international Sub-Committee on Undersea Feature Names (SCUFN) is required for around half of the names. The balance of names fall within New Zealand's territorial seas, and are not required to be accepted by SCUFN.

Official documents published by agencies and individuals are required to comply with using official geographic names. The Board's secretariat continues to provide advice and education to encourage agencies and individuals to meet the legislative requirements.

The Board progressed with validating Crown protected area names, but deferred this for Antarctic names in order to complete a project to improve the accuracy of the coordinate information for those names. The Antarctic names will be validated in 2011/12. Future validations will occur as necessary and as identified.

The three committees under the Board for Antarctic, undersea, and Māori names continue to operate, with meetings held annually. These committees do not have final decision-making powers, and make recommendations to the Board only.

The Board delegated its powers and functions in four areas: to the Secretary for the review and concurrence of non-contentious Crown protected area names; to the Chairperson for proceeding to publicly notify proposals of non-contentious spelling alteration proposals; to the Chairperson for making final determinations on proposals for which no submissions or only supporting submissions were received during the public consultation notification; and to the Chairperson for making final determinations on Antarctic names on the recommendation of the Chair of the Antarctic Names Committee.

## Performance

The Board considered geographic names as follows:

Final/official by the Board	59
Final/official by the Minister	21
Declined	28
Discontinued	1
Proposals notified for public consultation	85
Corrigendum (correction of errors)	12
Treaty of Waitangi settlement geographic names	117
Antarctic geographic names	3
Deferrals	37
Under investigation	30
Noted by the Board	7
Recorded approved	1
Crown protected area (CPA)	2
Section 35 validation of CPAs	215
Section 26 undersea feature names adopted	85
<b>Total</b>	<b>703</b>



The Board considered communications on geographic names as follows:

Official Information Act requests	3
Ministerial correspondence	10
Parliamentary questions	1
Enquiries	approximately 200

An internal audit by LINZ identified that current processes were effective and compliant with the appropriate legislation, standards, and protocols. The review also identified opportunities for processing Treaty names more efficiently and considering what must be done to ensure the Board continues to meet its obligations.

To best meet the Government's priority to settle all historic Treaty claims by 2014, the Board developed a policy on Treaty names, together with a practical approach to processing Treaty names in a realistically achievable timeframe, without compromising the Board's naming criteria. An extra meeting for Treaty names will be held each year, in addition to the two regular Board meetings, to consider an additional 100 name proposals.

A small number of minor amendments are required to the Act to allow for alternative names, and to provide for discontinuing Crown protected area names that are no longer required. The Amendment Bill was introduced into Parliament in April 2011 and is currently awaiting its first reading.

## Notable geographic name proposals

The number of names that required final determinations by the Minister for Land Information was unusually high, perhaps due to raised public awareness of the Board from the Whanganui and Wanganui proposal and Hillary Ridge proposal. The following names attracted public submissions:

- **Hillary Ridge**  
More than 100 submissions received. Minister's final decision pending as at 30 June 2011.
- **Te Kōhua Peak**  
More than 30 submissions received. Minister's final decision pending as at 30 June 2011.
- **Colonial Knob, Horokiri, Plimmerton, and Rānui**  
Porirua suburb and locality names. Minister's final decision pending as at 30 June 2011.
- **Te Awa Kairangi/Hutt River**  
Grouped with two other 'Kairangi' traditional names: Te Awa Kairangi/Hutt River and Te Motu Kairangi (these two did not attract objections). Minister's final decision pending as at 30 June 2011.
- **Hobsonville**  
Minister's final decision pending as at 30 June 2011.
- **Stokes Peak**  
Late objections resulted in the Board agreeing to meet with iwi and consider the outcome of the hui.
- **Mount Pickering, Mount Tinsley**  
Eleven submissions received. Minister's final decision made in November 2010.

The full report of the Board will be made available on the LINZ website: [www.linz.govt.nz/nzgb-annual-report-1011](http://www.linz.govt.nz/nzgb-annual-report-1011)

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