



ANNUAL REPORT 2008/09>



OUR PURPOSE IS TO>
MAINTAIN AND BUILD
CONFIDENCE IN PROPERTY
RIGHTS IN LAND AND
GEOGRAPHIC INFORMATION,
AND ENCOURAGE LAND
INFORMATION MARKETS TO
DEVELOP AND MATURE.

PHOTOGRAPHY>

Cover – Dunedin, Otago, South Island

www.linz.govt.nz/topography/aerial-images/nzmg-non-geo/api44/index.aspx

ANNUAL REPORT 2008/09 >

STATEMENT >

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 2009.



COLIN MACDONALD

Chief Executive
Land Information New Zealand

CONTENTS >

CHIEF EXECUTIVE'S OVERVIEW	2
STRATEGIC CONTEXT 2008/09	4
NATURE AND SCOPE OF FUNCTIONS	5
OUTCOMES FOR LAND MANAGEMENT AND LAND INFORMATION	6
FACTORS THAT INFLUENCED OUR OPERATING ENVIRONMENT	7
ACHIEVEMENTS	9
ORGANISATIONAL CAPABILITY	16
LINZ'S PERFORMANCE 2008/09	18
STATEMENT OF RESPONSIBILITY	19
AUDIT REPORT	20
PERFORMANCE INFORMATION – STATEMENT OF SERVICE PERFORMANCE	22
FINANCIAL STATEMENTS	46
NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS	53
LINZ AS AN AGENT OF THE CROWN	69
NOTES TO THE NON-DEPARTMENTAL SCHEDULES	76
LINZ INFORMATION	85
LEGISLATION LINZ ADMINISTERS	86
STATUTORY INFORMATION	86
APPENDIX	87
NEW ZEALAND GEOGRAPHIC BOARD – SUMMARY OF ANNUAL REPORT	88

CHIEF EXECUTIVE'S OVERVIEW>



>2008/09 HAS BEEN A YEAR OF BOTH ACHIEVEMENT AND CHANGE FOR LINZ. WE HAVE ACHIEVED MAJOR MILESTONES IN THE DELIVERY OF KEY PROJECTS, AS WELL AS DEVELOPED GREATER CLARITY ABOUT OUR MEDIUM-TERM FOCUS AND STRATEGY. WE ADJUSTED QUICKLY TO THE CHANGE OF GOVERNMENT, WHILE EXPERIENCING INTERNAL CHANGE IN OUR SENIOR MANAGEMENT TEAM.

Achieving 100% electronic lodgement of survey and title transactions in February this year was the culmination of several years' concentrated effort, not only by LINZ but by the survey and conveyancing communities. Electronic lodgement has meant 30% reductions in the time taken to process transactions (where needed), as well as instantaneous lodgement of most transactions, reducing risk and cost to all parties involved.

We have significantly revamped the way we are collecting, maintaining and delivering our land and seabed information, with electronic navigational charts rolled out from November 2008, and a new 1:50,000 scale map series ready for public launch in September this year. As a result of automating production, for the first time a new map series for all of New Zealand can be launched at one time, with all New Zealand emergency services using the maps.

We have also completed the majority of a review of our regulatory interventions, moving to an optimal (fit for purpose and not over- or under-regulating), risk-based approach that better supports ongoing business productivity and economic growth.

Over the year, my first year as Chief Executive, we reviewed and clarified our strategic direction – and where we'll focus our efforts to best achieve our outcomes. This included placing a leadership and coordination role for LINZ across the geospatial sector squarely in our strategic and organisational framework.

I took the opportunity presented by changes in the LINZ leadership team to review our capability across our five business groups, and make some adjustments to ensure we are best placed to deliver on our strategy. We also reviewed our activities and funding to see where savings could be made, and offered back \$18 million of Crown (taxpayer) funded savings over 2008/09 and the following three years. Ensuring we are delivering the right things in the most efficient and effective way will remain an ongoing focus for us. The significant changes we have achieved this year to move much of our information and services to electronic platforms stand us in good stead.

As a knowledge-based organisation, our employees are vital to our success. Over the year, we have renewed our focus on talent management for the future and engaging our employees, and this will continue over the coming years.

The year has seen us deliver what we set out to achieve several years ago, and consequently considering the next priorities for LINZ. Our increasing use of technology has opened up new opportunities to help further New Zealand's economic and social prosperity. This means the future is less certain and we will be building our people's skills in working with ambiguity and identifying and exploring where we can best add value. The challenge before us is an exciting one. This year's work and our past achievements place us in a good position to meet that challenge.

A handwritten signature in black ink, appearing to read 'Colin Macdonald'. The signature is fluid and cursive, written on a light-colored background.

COLIN MACDONALD

Chief Executive

STRATEGIC CONTEXT

2008/09>

NATURE AND SCOPE OF FUNCTIONS>

Land Information New Zealand (LINZ) carries out a range of activities that underpin social and economic activity, and public services that benefit New Zealanders every day. Our work supports activities as diverse as buying a house, navigating the seas, and sending emergency services to the right place.

LINZ's purpose is to:

- maintain and build confidence in property rights in land and geographic information, and
- encourage land information markets to develop and mature.

We carry out three core roles relating to our purpose:

- **transaction management** – maintaining and operating the regulatory framework and systems for rights and transactions involving land
- **information management** – generating, collecting, compiling, and providing geographic information, and information relating to property rights and transactions, and
- **land management** – administering a range of Crown-owned lands for the benefit of the New Zealand public.

TRANSACTION MANAGEMENT

Buying property is one of the biggest investments New Zealanders can make. It is important the framework is clear and the system works well. For investment and transactions involving land to happen smoothly, New Zealanders and overseas investors need to know exactly what they are transacting and what their rights and responsibilities are. They also need to be able to carry out the transaction easily and at reasonable cost. LINZ oversees the regulatory framework and systems for defining, and dealing in, property rights in land. Our transaction management functions include:

- maintaining and improving regulatory frameworks used to define and transact land
- administering the process by which land is transferred, including creating new titles, and recording changes of ownership and interests in land
- providing a secure environment for buying, selling and subdividing land through guaranteed titles for property dealings, and an accurate system of land boundary definition
- providing a nationally consistent valuation system for rating purposes, and
- administering New Zealand's inbound investment regime under the Overseas Investment Act 2005.

INFORMATION MANAGEMENT

An effective system of property rights depends on having authoritative land information that gives property rights meaning 'on the ground'.

Beyond defining property rights, geographic information serves a wide range of purposes. These range from essential services, such as national security and emergency service responses, to defining electoral boundaries and for commercial applications. This information is increasingly being used by organisations and individuals to plan and run their businesses, as well as provide products and services. It also has significant potential to help local and central government planning and management. Our information management functions include:

- ensuring New Zealand has high-quality databases for survey, mapping, hydrographic and property activities, and
- working across the wider land information sector to ensure useful, varied geospatial¹ information is readily available to support innovative use of this information by others.

LAND MANAGEMENT

LINZ manages almost three million hectares of Crown land, which is around 8% of New Zealand's land area. This includes 1.6 million hectares of high country pastoral land in the South Island, Crown forest land, approximately 4,000 properties, and river and lake beds. By managing Crown land effectively and efficiently, LINZ aims to protect New Zealanders' interests by ensuring the best economic, social and environmental outcomes are achieved from the use of this land. Our land management functions include:

- acquiring, managing and disposing of Crown land we are responsible for
- managing the relationship with Crown pastoral leaseholders in the South Island high country
- managing liabilities arising in relation to Crown land we are responsible for, and
- administering the framework for disposal of Crown lands by other government agencies.

¹ Information about objects or phenomena associated with a location relative to the surface of the Earth.

OUTCOMES FOR LAND MANAGEMENT AND LAND INFORMATION>

MANAGING FOR OUTCOMES – HOW WE DELIVER RESULTS

During 2007/08, we started the transition to a new strategic direction, through a new outcome: 'Enhanced economic and social transformation through facilitation of connections in land information markets'.

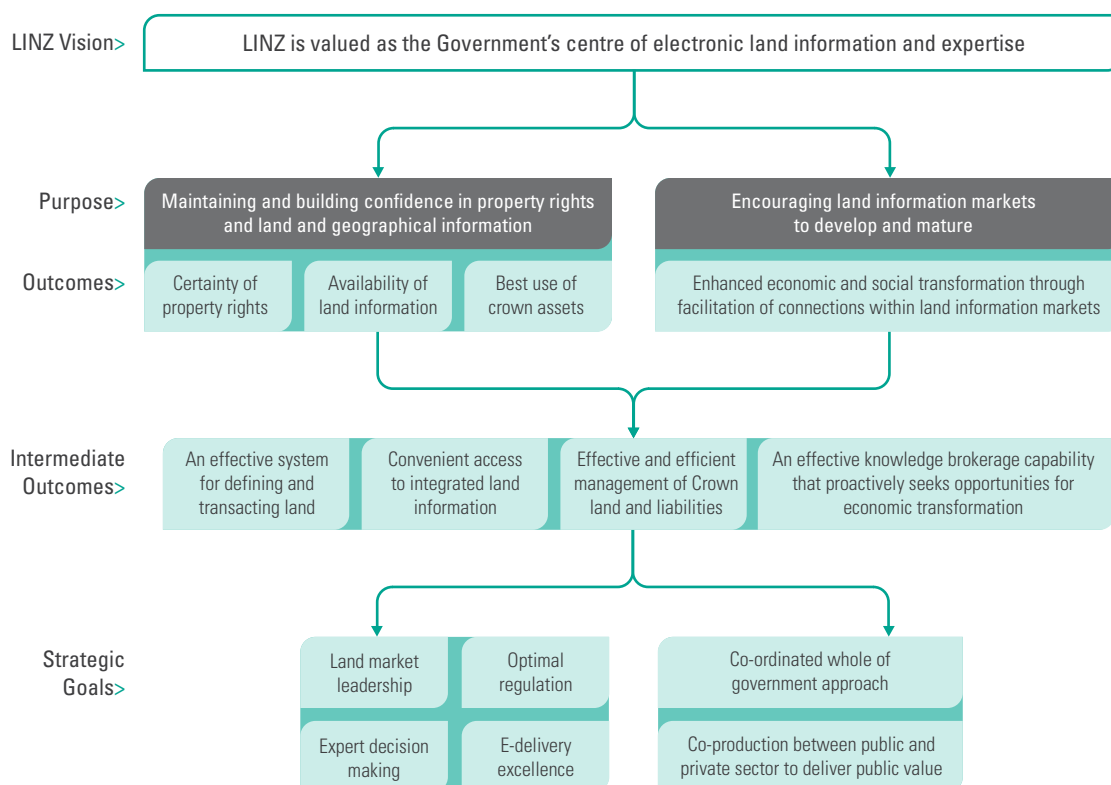
As the year progressed, we continued to refine and further develop our strategic framework. We redeveloped our fourth outcome to recognise the growing importance of geospatial information to

New Zealand's society and economy, and renamed it: 'Federated geospatial information'. This revised outcome involves LINZ working with others to achieve a state where New Zealand's geospatial data is available, accessible and able to be shared.

We have focused the reporting for 2008/09 directly on our 'original' outcomes. The impacts we seek to achieve and how we measure these are outlined at the beginning of each outcome, in the section on 'Achievements' (see pages 9 to 17).

Our outcomes framework for 2008/09 is illustrated in the diagram below.

OUR OUTCOMES FRAMEWORK FOR 2008/09



FACTORS THAT INFLUENCED OUR OPERATING ENVIRONMENT>

CHANGE IN THE ORGANISATION

In 2008/09, LINZ completed the final milestone in the transformation of New Zealand's survey and titles transaction system, with the introduction of 100% electronic lodgement through Landonline. This has been a major focus for LINZ over a 12-year period. At the same time, we had been finalising a major overhaul of the regulatory frameworks used to define and transact land. It was timely to look back on the skills and knowledge gained and how we can now build on this to ensure LINZ continues to contribute fully to New Zealand's economic future. Accordingly, we did a review during the year to determine how well we are positioned to respond to and realise our future role.

We identified that we need to place more emphasis on: our strategic capability, our position within the wider land information sector, strategic policy and government processes, relationship management, organisational development, and working in a more integrated way.

The first step was to align our functions internally to ensure we had the right level of focus on some core areas of our work, address priorities identified by our Minister, and enable us to develop and evolve strategically over time.

This led to a realignment of the functions of LINZ's five General Manager roles, which coincided with changes in the senior leadership team as a result of retirement and resignation.

CHANGES IN THE ECONOMIC ENVIRONMENT

LINZ operated in a rapidly changing fiscal environment during 2008/09. A global recession, a focus on fiscal restraint from the Government, and reduced survey and title volumes all contributed to the challenges.

In response to the Government's request for savings, LINZ offered back \$18 million of Crown (taxpayer) funded savings over 2008/09 and the following three years. Ongoing savings were offered from a reduction to the hydrographic survey programme, efficiency savings in the pastoral land management programme and a reduction in strategic projects funding.

Due to the economic downturn, survey and titles transaction volumes dropped significantly, reducing the revenue received from customers' fees. The survey and titles system is fully funded from customers' fees and receives no Crown funding.

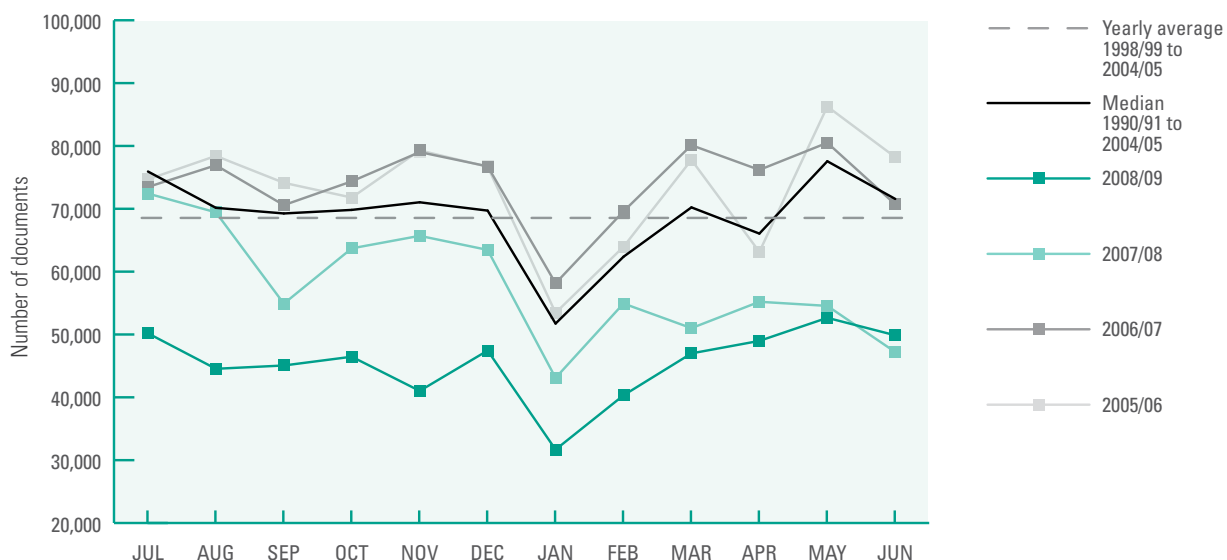
Demand for our survey and titles services has been 25% lower in 2008/09 than projected. This reduction meant LINZ was unable to cover the full costs of the survey and titles system from customers' fees. As a result, LINZ sought a contribution from the Government for \$30 million over two years to underwrite the costs of survey and titles services. This is a separate funding source from the \$18 million Crown-funded savings returned in response to the Government's request for savings, and will be returned to the Government once survey and title volumes return to average levels.

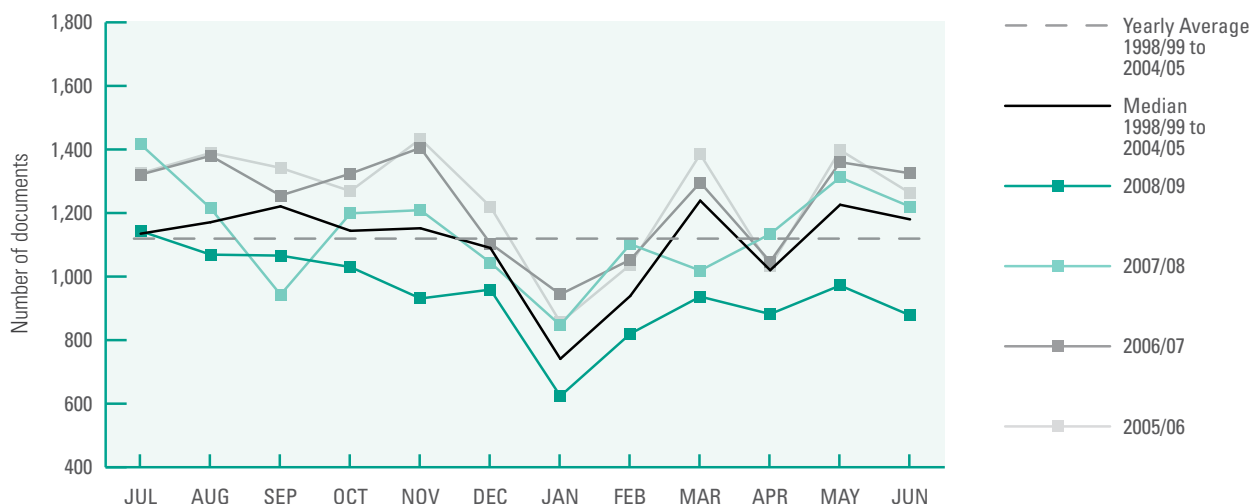
As the property market improves and transaction volumes increase, the revenue generated from survey and title fees will also increase.

Survey and title fees are scheduled for review in the 2009/10 financial year, to take effect on 1 July 2010.

The graphs on pages 7 and 8 illustrate the drop in transaction volumes for surveys and titles. Each graph shows the median monthly transaction volumes and yearly average prior to 2005/06. The land title graph shows transaction volumes were above median for 2005/06 and 2006/07, but below for 2007/08 and 2008/09. The cadastral survey graph shows transaction volumes were consistent with the median for 2005/06 and 2007/08, but below the median for 2008/09.

Graph 1: Land title transaction volumes, 1990/91 to 2008/09



Graph 2: Cadastral survey transaction volumes, 1998/99 to 2008/09

CHANGE IN GOVERNMENT AND PRIORITIES

Following the change in Government and a review of Government priorities, it was agreed in February 2009 that LINZ would contribute to new priorities: developing and implementing the Government's high country policy, implementing the New Zealand Geospatial Strategy, and encouraging overseas investment in New Zealand.

Developing and implementing the Government's high country policy

This priority focuses on policy development and legislative changes for the Crown's South Island high country. This is an environmentally sensitive and economically important part of New Zealand, and the focus of the Government's high country policy is to ensure Crown pastoral land is put to the best use – economically, environmentally and culturally – for New Zealand (see page 13).

Implementing the New Zealand Geospatial Strategy

This priority focuses on the development and implementation of accessible, available, shareable and useable geospatial information and infrastructure for New Zealanders. Enabling better use of geospatial information will provide real and significant economic benefit for New Zealand. Geospatial information is increasingly important to commercial products and services, as well as core government functions (see page 15).

Encouraging overseas investment in New Zealand

LINZ's focus in this priority is to encourage investment by processing overseas investment applications efficiently and accurately. LINZ is providing advice and support to the review of the overseas investment regime, being undertaken by the Minister of Finance and the Treasury (see page 11).

ACHIEVEMENTS>

The achievements highlighted in this section cover LINZ's areas of major focus in 2008/09. These activities are critical to our performance, as they completed major improvements to our core activities, contributed directly to the Government's priorities, and made the greatest contribution towards achieving the desired change for each outcome.

OUTCOME 1 – CERTAINTY OF PROPERTY RIGHTS

'Certainty of property rights' ensures New Zealand property rights and interests can be determined with a high degree of confidence.

Impact:

- land transactions may be undertaken efficiently and with confidence that the legal framework supports them.

Measured by:

- business confidence and satisfaction levels of those who use and rely on the land transfer system, and
- international comparison of the New Zealand system against other similar land transfer systems.

Completing the move to the 100% electronic lodgement of land transactions through Landonline

What we set out to achieve

The decision to automate New Zealand's land titles and cadastral survey system using Landonline was taken to deliver substantial efficiency gains for surveyors, conveyancing practitioners, property developers, and local and central government. In 2006, LINZ started a programme to enable all survey and title transactions to be lodged electronically to achieve the full benefits of Landonline.

What we have achieved

During 2008/09, the Landonline system was upgraded twice to improve its stability and reliability. Conveyancing practitioners received the full ability to lodge all title transactions, including complex land title transactions such as subdivisions. For 80% of titles transactions, the official land register is now updated instantaneously without any need for manual processing following lodgement. For surveyors, the second upgrade improved the presentation of complex survey plans.

A nationwide programme was conducted to support conveyancing practitioners move towards using electronic lodgement for all their transactions. With more than 2,300 people attending, this was the largest programme since Landonline customer training began in 2005. It resulted in a steady increase in those using electronic lodgement before it became mandatory on 23 February 2009.

LINZ also remodelled internal business processes to reflect the changes brought about by 100% electronic lodgement.

- Work was done during 2008/09 to reduce standard processing times for title transactions by 33%, from 15 to 10 working days (effective from 1 July 2009).
- Workforce planning established the staff and skills models needed to support Landonline customers and to support the system itself. Prior to the 100% electronic lodgement programme, 350 processing staff were based in five centres. By 2012, numbers are expected to reduce to approximately 150 staff based in two centres.
- A change programme was implemented to manage the capability and capacity of the Hamilton and Christchurch processing centres during the phased closure by 2012 of the Dunedin, Auckland and Wellington centres.
- As manual lodgement was phased out and replaced by 100% electronic lodgement, public counters at processing centres were closed. Digitised land records are available through Landonline, and public access to records is provided through an online ordering service and a view-on-request service in Hamilton and Christchurch. The counter closures released 12 staff.

On 23 February 2009, new regulations came into effect making electronic lodgement of all land title transactions by lawyers and conveyancers mandatory through Landonline. LINZ's Hamilton and Christchurch processing centres are now New Zealand's designated land registry offices².

Initial feedback from customers shows the move to electronic lodgement has been well-received. In June 2009, surveyors and conveyancing practitioners recorded satisfaction levels of 80%, compared with 48% in 2005, before the 100% electronic lodgement programme began. Furthermore, 81% of conveyancing practitioners and 64% of surveyors agree Landonline has provided benefits to their organisation. LINZ has started an initiative that will monitor the full benefit realisation over the next two years.

A significant external endorsement of the success of our survey and titles system also comes from the World Bank. For the last three years, New Zealand has consistently ranked in the top three of more than 150 countries for property registration in the World Bank's annual 'Doing Business' publication. This uses several indicators, including property registration, to assess how a country's regulatory framework provides an efficient and effective environment for doing business.

2 This was officially gazetted on 27 November 2008.

Moving to industry self-compliance through outcome-focused interventions

What we set out to achieve

LINZ has been working on a rolling programme of rationalising regulatory documents and focusing our regulatory activities on outcomes rather than processes. This represents a move from a historically prescriptive approach to one where LINZ intervenes only where necessary, according to an assessment of risk. This work is important because a high-performing economy needs regulation that is optimal (fit for purpose and not over- or under-regulating) to promote ongoing business productivity and economic growth.

The review started in 2005/06 and was due for completion by 30 June 2009. Because of competing priorities for key staff resources and the need for a thorough consultation process, this was not possible. The review will now be completed by December 2009.

What we have achieved

During the year, we continued to optimise our regulatory interventions, and two major reviews were completed: the Rules for Cadastral Survey and the Rating Valuations Rules.

Review of the Rules for Cadastral Survey

The Rules for Cadastral Survey 2002/2 were reviewed to ensure they meet the needs of a changing surveying and regulatory environment. The new Rules represent a major shift from 'how' to comply to 'what' is required. The Rules define the minimum standards expected from surveyors to deliver accurate surveys, without prescribing how these standards are to be achieved.

An expert committee of survey industry experts and stakeholders, including surveyor representatives, facilitated industry input into how it is regulated and provided a valuable forum for LINZ to work more effectively with the survey industry. The committee reviewed 62 submissions from public consultation. Consultation and work of the expert committee led to significant changes and improvements to the draft rules LINZ proposed in 2007.

The new Rules will provide an increased certainty of land ownership and other rights in land. This ultimately benefits current and future land owners, including agents such as surveyors and solicitors, and central and local government agencies that rely on the cadastre. For surveyors, the Rules give greater clarity about what is expected of them when planning future surveys. The Rules also allow them to enjoy the maximum benefits provided by processes such as new technology, new initiatives and innovation, because the cost of compliance is more clearly directed towards outcomes.

The new Rules will be implemented in May 2010. In the lead-up, LINZ will run education seminars with surveyors and make the necessary changes in Landonline.

Rating Valuations Rules

The Rating Valuations Rules were finalised during 2008/09 and came into effect on 31 March 2009. This was the culmination of a review process that included a 17-strong expert committee reflecting all

groups involved in the rating valuation process, including valuation service providers, four city councils and one district council, the New Zealand Institute of Valuers and members of LINZ's audit and regulatory staff.

The review process developed a stronger relationship between LINZ and the industry, with a feedback rating of 88.6% approval from participants. This consultation model provided an opportunity to bring the whole industry together to discuss issues and learn more about how regulation works in the rating valuations area. All local government organisations were given an opportunity to comment on the draft of the new Rules, along with the general public.

There was general satisfaction with the new Rules from local government and industry representatives during the public consultation. Outcome requirements that territorial authorities must meet are now more clearly defined and more logically presented. For ratepayers, the new Rules require valuation notice statements to contain more information about what values can be reviewed as part of an objection, and a new requirement that the valuer contacts the objector if the reviewed valuation varies 15% or more from the objector's submitted value.

Understanding our role in the land development market

What we set out to achieve

LINZ oversees the regulatory framework and systems used to define and transact land. Understanding the future needs of the land development market helps define the optimal role for LINZ. LINZ plans to lead discussions with key industry representatives, to establish a shared view of how the market should operate in the future, and how the various professions and players can work more efficiently together to meet the future needs of New Zealand and promote economic efficiencies. We will use this work to align frameworks and processes to improve our efficiencies in this area.

What we have achieved

In 2008/09, LINZ began working with the cadastral surveying industry to develop a shared view of how the industry should operate in the future. LINZ established a joint initiative with the survey industry, called the Survey Strategic Context, and formed a working group with representatives from the New Zealand Institute of Surveyors and LINZ. From February to June 2009, the group explored issues on the future shape of the industry and how the key players interact. The group considered information from industry participants, international papers, New Zealand law, regulations and markets, and submissions from a consultation process.

In April 2009, the group produced a draft framework, 'Proposal for Tomorrow's Cadastral Survey Industry'. It outlines a proposal for the future environment for cadastral information, what this is based on, and how it functions to support land development and administration, and the wider use of land information. The framework also considers the possible roles of participants within the proposed environment.

The group is using this paper and further feedback to identify key challenges and analyse gaps that exist between where we are now and the proposed future state. This will be issued in a second working paper in August 2009. A final report is scheduled for release in late October 2009.

The report aims to improve the functioning of the cadastral survey industry by:

- improving LINZ's understanding of the future needs of survey professionals and others who create, maintain or use the cadastre
- developing a shared view of the future of the cadastral survey industry and of how to work together to achieve the future goals identified, and
- working towards better access to and integration of geospatial data that defines the spatial extent of all statutory rights and privileges associated with land.

The project will also feed into ongoing broader discussions on establishing a shared view of the land development and land information markets of the future.

Strengthening the capability of the Overseas Investment Office

What we set out to achieve

The Overseas Investment Office (OIO) is part of LINZ. It administers the Overseas Investment Act 2005, which seeks to encourage ongoing economic growth through investment while protecting New Zealand's unique assets and resources.

The OIO assesses overseas applications against a stated set of criteria on the basis of benefit to New Zealand, and also compiles and records these applications. To ensure ongoing effectiveness, LINZ has worked on building capability and putting in place appropriate processes and systems.

The focus for 2008/09 was to review the OIO's decision-making processes. In particular, we sought to improve the quality of documentation submitted by applicants and the certainty of decisions against criteria. We also planned to complete the development of a database to enable easier recording and monitoring of overseas investment information.

During 2008/09, the Government announced a review of the overseas investment framework to ensure the screening regime does not deter or prevent overseas investment. A review of the fees structure was also part of this review.

What we achieved

One of the key successes has been improvements to the processing of applications from overseas investors. During 2008/09, significant time and resources were put into ensuring staffing levels for processing applications were increased to deal with backlogs and minimise processing delays. This was supported by enhancing the capability

of the information management system's application and database to capture and record overseas investment trends and statistics.

Building capability has resulted in faster turnaround times for accepted applications and for processing of requests for additional supporting information.

During 2008/09, the OIO aimed to process 90% of all delegated applications within 10 working days of receipt of all information. From 1 October 2008 this timeframe was changed to 50 working days, but this measure includes all applications from acceptance to date of decision. The change came about as a result of a review of overseas investment processing times. The review established that backlogs of applications and delays in processing these were due to higher-than-expected numbers of applications and low staffing levels. It was recommended that the target of processing of delegated applications within 10 working days be changed to the 50 working day target, which is more transparent and reflects the actual time and resources required to process overseas investment applications. Under the new measure, the OIO has achieved an average processing time of 24 working days for applications delegated for decision by the OIO, and 41 working days for applications requiring ministerial decisions. Emphasis has also been placed on the quality of the analysis underpinning the decision to support or reject an application.

Since 1 October 2008, all applications have been checked on receipt and either accepted for registration, if the application was of acceptable quality, or rejected for unacceptable quality. The OIO has also worked on providing clearer and more accessible information to help applicants. This included redesigning the overseas investment section of the LINZ website, with input from law firms that are regular users.

Fee pressure

A key issue for the OIO since its inception in 2005 has been the growing complexity of assessing overseas investment applications and the associated higher operating costs. The fee structure set in 2005 significantly under-estimated costs and this function has been subsidised from other areas of LINZ. These factors led to delays in assessing applications and higher operating deficits.

In the last quarter of 2008, the number of applications fell by 25%, as a flow-on effect of the global economic recession. Fewer application numbers meant fee revenue was lower, and this further affected our ability to cover costs. During 2008/09, the total number of applications processed was 188 against an expected target of 250.

During 2008/09, the Overseas Investment Regulations 2005 were amended and fees and charges were increased, allowing the OIO to recover costs and also rationalise its charging structure. These fees take effect in September 2009.

Review of the Overseas Investment Act 2005

LINZ has been assisting the Treasury to review legislation relating to overseas investment. This review seeks to determine if the purpose of the Act could be restated to promote the flow of overseas investment into New Zealand.

OUTCOME 2 – AVAILABILITY OF LAND INFORMATION

As well as collecting and maintaining land information, LINZ is responsible for making it available for use by other agencies, particularly emergency services and the New Zealand Defence Force.

In a knowledge economy, availability of information that can be trusted, understood and aggregated improves decision-making, reduces waste and lowers risk. Government plays a significant role where the market cannot always generate or provide the necessary information, and where a single source of core information is desirable.

Impact:

- the public, and particularly emergency services, are able to use geographic information that is accurate.

Measured by:

- changes in the discoverability and availability of land information, and
- satisfaction levels of those who use and rely on LINZ's land information.

Automating map production

What we set out to achieve

LINZ is responsible for national topographic mapping at 1:50,000 and broader scales. This is important for emergency services, land management, defence planning and recreational use. On 23 September 2009, LINZ launches a new national map series at 1:50,000 scale – Topo50 – using a new datum and projection³ that are globally consistent. The new maps will be compatible with modern GPS units, making them easier to use and improving safety, and will be generated using a fully automated map production process.

What we have achieved

In 2008/09, LINZ completed the software development for the three-year project to automate the production of the Topo50 map series. Now a new map series for all of New Zealand can be launched at one time. Previously, a print cycle took up to 30 years to produce a full New Zealand map series of around 400 maps.

New products can also be created using the automated system, including geo-referenced raster images (GeoTiff) of the new maps, which makes seamless national coverage available to any user for incorporation into GIS applications. They will be released via the LINZ website, and directly into emergency services' databases to coincide with the launch of the new paper maps in September 2009.

The project has provided an overall improvement in our topographic capability. Integration of the data maintenance and map production tasks means that updates and corrections, sourced from a range of authoritative agencies, can be obtained readily and applied quickly. An example is the regular update of data using high-resolution,

satellite imagery from the KiwiImage⁴ project. The core topographic data is now being updated directly, improving the currency of the data and the ease of maintaining topographic information. It has resulted in a 70% increase in topographic maintenance and a reduction of 50% in the cost.

The change to the datum and projection used to produce Topo50 maps means the new maps will provide different geographical coordinates for a location to those found in the current map series. Throughout the project, we have worked closely with our primary topographic customers, emergency services and defence forces, who all agreed to operate their emergency systems using electronic versions of the maps from the time the new map series is released.

An important focus is to ensure as much consistency as possible between maps used by the public and the emergency services. A campaign has been prepared to encourage users to replace their old maps with the new series. Information on Topo50 maps, how to read them, and how to navigate using a map is covered in a Topo50 Map Reading Guide. Software has been developed that easily converts coordinates between the existing 260 series maps and the new Topo50 maps. Both are available on the LINZ website.

The simultaneous introduction of the new map series in paper and electronic versions provides consistency among all users, leading to improved public safety, better land management and coordination of resources, and other significant benefits.

Providing hydrographic products and services in electronic format

What we set out to achieve

In 2006/07, LINZ started developing a modern infrastructure to improve the management of hydrographic data. The new system ensures LINZ, as the government steward of core hydrographic information, can meet current and future responsibilities to produce hydrographic information to international standards. Our approach has changed from a focus on paper charts, to hydrographic data that is used to generate a range of nautical products – including traditional paper charts and new Electronic Navigational Charts (ENCs). ENCs are becoming mandatory on various classes of shipping internationally, beginning with high-speed craft, and, from 2012, international trading vessels that carry large numbers of passengers.

ENCs are used on ships with Electronic Chart Display and Information Systems that combine ENCs with other data, such as data from Global Positioning Systems, radar and the ship's speed log. Users can then tailor their chart display, interrogate certain objects for more information, and set safety and alarm depths to aid safe navigation. These are also necessary for the operation of the new Royal New Zealand Navy vessels.

What we have achieved

In 2008/09, LINZ completed the implementation of the new hydrographic information system and commenced adding and

³ Portraying features on the curved surface of the Earth onto a flat map requires the use of a geodetic datum and map projection.

⁴ KiwiImage is an all-of-government project to acquire high-resolution satellite imagery for government agencies.

upgrading existing datasets, while also commissioning the capture of additional datasets to be loaded directly into the system. Metadata is completed as each dataset is added to the system.

Using the new system, we produced, tested and released the first set in a series of ENC's for New Zealand waters, including ENC's for the Auckland Harbour and approach, and the Cook Strait. A full national set of ENC's is expected to be completed in 2010.

LINZ also signed an arrangement with the Australian Regional ENC Coordination Centre. This facilitates the international distribution of ENC's from New Zealand waters and includes a quality assurance programme ensuring all New Zealand ENC's have consistent and quality information.

From 2009/10 onwards, the hydrographic information system's functionality will be developed to provide all paper charts and other hydrographic products and services. The new hydrographic information system allows LINZ to produce more current data in electronic formats required by customers using ENC systems. Rationalisation of data into a single source will also provide efficiencies in our management of hydrographic data.

OUTCOME 3 – BEST USE OF CROWN ASSETS

LINZ has a regulatory and standard-setting role for aspects of the acquisition, management and disposal of Crown lands. LINZ also manages the Crown land on our balance sheet, and works to resolve land-related Crown liabilities. This work is done in the context of the Government's desired economic, social and environmental outcomes.

Impacts:

- the Crown realises a fair return on its leases
- the public has access to high country land, and
- sensitive lands are protected.

Measured by:

- reviewing government acquisition and disposal processes to improve transparency and statutory compliance, and
- the amount and quality of our collaboration with central and local government as appropriate to manage and resolve Crown land-related issues.

Managing Crown pastoral land

What we set out to achieve

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

Crown pastoral leases are managed and reviewed in accordance with the Crown Pastoral Land Act 1998 (CPLA). As at 30 June 2009, LINZ administers 226 pastoral leases. The Commissioner of Crown Lands is the statutory officer who exercises rights of ownership and has statutory responsibility for all Crown land held under the Land Act 1948, including Crown pastoral leases.

In 2008/09, LINZ continued to focus on improving the quality of our decision-making processes to ensure we delivered greater responsiveness, transparency and relationship management. Specifically, we built our expertise to bring the management of strategic land portfolios – previously out-sourced – in-house, enhanced our external relationship management, and continued to develop system and process capabilities to improve decision making.

What we achieved

Review of the South Island high country policy

A major change in Government policy during the first half of 2008/09 meant the areas of focus for the South Island high country, specified in the 2008/09 Statement of Intent, were revised. The Government requested a reassessment of the policy and legislative settings for the South Island high country, which included setting high country rents to the earning capacity of the farm property, and recognising that high country leaseholders can be as effective in their stewardship of the land as the Crown.

The review was led by LINZ, with the Ministry of Agriculture and Forestry and the Department of Conservation. Proposals were prepared for Cabinet that included the recommendation to rescind the previous Government's policy of excluding lakeside properties from tenure review.

In October 2008, the Land Valuation Tribunal heard a case into the rental valuation of the pastoral lease for Minaret Station, which concluded, after an adjournment, on 28 January 2009. This was a test case of the Crown's methodology of land valuation for rent assessment.

The tribunal released its decision in August 2009 in favour of the Minaret leaseholder. The Crown subsequently decided to seek clarification of the correct legal interpretation of 'capital value' in relation to valuing pastoral leases. In the Crown's view, the decision left this unclear, and this would mean valuers would have difficulty interpreting the tribunal's ruling.

By seeking this clarification, the Crown is aiming to receive a clear direction as to the proper interpretation of the relevant statutory provisions, so that it can, where appropriate, be applied to other cases before the tribunal and to other valuations of pastoral leases in future.

Tenure reviews

Under the CPLA, LINZ operates the process of tenure review, which seeks to determine what land should be retained by the Crown for conservation purposes and what the lessee can gain as freehold title. Tenure review is a negotiated agreement between the Crown and lessee.

It is a voluntary process for both the Crown and lessees, and the Commissioner of Crown Lands has exercised the Crown's discretion not to participate in tenure review in some cases.

As at 30 June 2009, 72 pastoral leases eligible for review under the CPLA have had their tenure reviews completed or unconditionally agreed. This amounts to approximately 396,000 hectares of land of which 188,000 hectares (47%) has been or will be returned to the Crown as conservation land, and 208,000 hectares (53%) that has been or will be disposed of as freehold to the former lessees. An additional five pastoral leases covering approximately 126,000 hectares have also been bought outright by the Crown for conservation. Of the remaining 226 pastoral leases, 92 were in some stage of tenure review.

In 2007, the Government adopted further protection mechanisms for iconic lakeside landscapes and lowland biodiversity. These included lakeside land being retained in Crown ownership or covenanted to restrict subdivision and protect significant landscape, biodiversity and access values. As a result, the Government decided only to fund tenure reviews where these conditions were met. This meant fewer tenure review agreements were achieved than anticipated, with 12 preliminary and four substantive proposals put to leaseholders during 2008/09.

While these protection mechanisms were being developed, tenure review negotiations on 38 properties were affected. Subsequently, leaseholders of 21 of these 38 lakeside properties agreed to meet the new conditions and these tenure reviews are now continuing. In 2008/09, one preliminary and one substantive proposal involving lakeside properties were put to leaseholders.

Managing Crown property

What we set out to achieve

As a land-holding agency, LINZ manages almost three million hectares of Crown land outside the conservation estate, which is around 8% of New Zealand's land area. This includes around 1.6 million hectares of high country land in the South Island, Crown forest land and approximately 4,000 properties.

What we achieved

Review of land of potential interest

Land of potential interest is land owned by the Crown that is considered sensitive. During 2008/09, a review of the land of potential interest process was undertaken and proposals were presented to Cabinet for streamlining this process to eliminate unnecessary duplication.

Reduction in revenues from Crown land disposal

LINZ identifies properties from our Crown property assets that the Crown no longer needs and are available for sale or transfer. Each year, we manage a disposal programme of these properties. Given the lack of demand (resulting from falling property values due to the global economic recession), our budget revenue target of \$6 million was reduced to \$3.1 million. However, only \$2.5 million was actually received from property sales.

Successful negotiation of Crown forest licences with iwi

LINZ administers 72 Crown forest licences (CFLs), covering approximately 480,000 hectares, under delegation from the shareholding Ministers (Finance and State-Owned Enterprises). CFLs are provided for in the Crown Forest Assets Act 1989. This Act empowered the Crown to sell its exotic forests and related assets, while retaining the land for use in Treaty of Waitangi claim settlements.

As part of the Central North Island iwi collective settlement, 23 CFLs (or approximately 180,000 hectares) were to be vested on 1 July 2009. These were satisfactorily negotiated and considerable effort went into building relationships with iwi to ensure a successful outcome. The number of CFLs has now reduced to 49.

Remaining committed to our biosecurity obligations

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

Expenditure on the programme is prioritised to obtain the best biosecurity outcomes.

Two major programmes are currently underway to control lakeweed at Lake Wanaka and Lake Karapiro. Significant progress is being made in controlling the introduced lakeweed lagarosiphon in Lake Wanaka, as part of a 10-year Lagarosiphon Management Plan implemented in 2005. Large areas of hornwort were successfully controlled in Lake Karapiro during 2008/09, and LINZ will continue this work in the build-up to the World Rowing Championships to be held at the lake in 2010.

Continuing to build and maintain our stakeholder relationships

LINZ continues to improve our relationships with other agencies and the community. Given the variety and extent of our functions in managing Crown land, the quality of these relationships are fundamental in obtaining the best possible outcomes in terms of the public interest.

We operate in an environment with competing demands from central, regional and local government, lessees and licensees, iwi, and public interest groups. These groups all affect our management of assets and our decision-making processes. We have focused on building the capabilities of staff who manage often complex and dynamic situations.

Our commitment to increasing our relationship management capability remains a focus for LINZ and will be especially important as we contribute to the Treaty settlements process to 2014.

OUTCOME 4 – ENHANCED ECONOMIC AND SOCIAL TRANSFORMATION THROUGH FACILITATION OF CONNECTIONS IN LAND INFORMATION

Trusted geospatial information is available, accessible and able to be shared, and is used to support the:

- safety and security of New Zealand
- growth of an inclusive, innovative economy, and
- preservation and enhancement of our society, culture and environment.

Impacts:

- New Zealand recognised as contributing to global geospatial developments, and
- an increase in collaboration across the public sector and between the public and private sectors.

Measured by:

We redeveloped this outcome in 2008/09 to recognise the growing importance of geospatial information to New Zealand's society and economy, and renamed it: 'Federated geospatial information'. Measures that contribute to this outcome were developed and outlined in the 2009–2012 Statement of Intent. They cover governance, interoperability, access and priority datasets.

Promoting our leadership in the geospatial sector

What we set out to achieve

Geospatial information supports a wide range of business, government and community activities – from emergency services responses and defence planning, to Treaty of Waitangi processes and the provision of health services.

Advances in technology offer opportunities to gain efficiencies in the collection, management and provision of geospatial information. The New Zealand Geospatial Strategy was developed in 2007, to better coordinate and manage the use of New Zealand's geospatial resources across all tiers of society. LINZ is taking a leadership role for the strategy, and is the home of the New Zealand Geospatial Office, which works with other organisations to:

- promote an environment in New Zealand where the value of geospatial information is better understood and recognised
- bring the geospatial community together in a concerted effort to capture the opportunities and gains this information has to offer businesses and the New Zealand public, and
- achieve better access to geospatial data, ease of integration and ensure priority datasets are captured, preserved and maintained.

What we have achieved

The first phase of a cross-government work programme for the New Zealand Geospatial Strategy was approved in September 2008. Key projects for 2008/09 included:

- completing a report on Geospatial Data Standards for New Zealand that proposes a role for government in the coordination of geospatial data standards
- commissioning a report to estimate the value of spatial information to the New Zealand economy
- developing an inventory of local and central government elevation data⁵, which has collated and published details of what high-resolution elevation data (mainly using light detection and ranging technology) has been and is planned to be collected throughout the country, and
- launching a dedicated website in September 2008 to support the work programme and the strategy by giving it greater visibility and providing a platform for ongoing communication and participation.

Discussions with the Government during the year confirmed that one of the top three ministerial priorities for the land information portfolio is LINZ's leadership of the New Zealand Geospatial Strategy. LINZ has now taken on a leadership role in the geospatial sector and continues to build relationships with organisations working in this area. In 2008/09, we established an in-principle agreement for New Zealand to participate more closely in the Australian Cooperative Research Centre for Spatial Information programme. This will draw benefits into New Zealand from Australian research activities in the geospatial area, and builds on our membership of the Australia New Zealand Land Information Council.

We have also focused on working collaboratively to form a coordinated approach, and to ensure all stakeholders have a voice. A culture of cooperation is a crucial element of success in the geospatial sector. As an example, we are working with the recently formed New Zealand chapter of the Spatial Industries Business Association to identify areas of common interest and opportunity.

In December 2008, we reviewed the governance arrangements for the New Zealand Geospatial Strategy to place a stronger emphasis on a strategic, cross-sector approach for championing the geospatial agenda within government. The size and composition of the Geospatial Executives Group, which is made up of government chief executives, was revised as a result. The revised group took over its governance role in March 2009.

5 Elevation data describes the height of a particular point of land. It is generally linked to a national datum and referenced in terms of height above sea level. This data is used to create a digital elevation model showing terrain or contours.

ORGANISATIONAL CAPABILITY>

The 2008/09 Statement of Intent outlined LINZ's intention to improve performance in our current areas of activity, and to consider the capability needed to support changes to our strategic direction and operating environment.

In 2008/09, the newly appointed Chief Executive initiated a review of LINZ's organisational capability. The objective was to assess where and how LINZ needs to build capability to position for the future. Other factors contributing to changes were the review of governance in the geospatial area, and the further development of LINZ's strategic and business planning cycles. These reviews indicated that we need to place greater emphasis on strategic thinking and our future role in the land development market.

IMPROVING OUR CONNECTIVITY

To anticipate emerging business needs of customers and shape preferences in the land information market, LINZ needs to make connections among key industry players. LINZ is taking a leadership role in working with key industry representatives in the land development market. Our aim is to establish a shared view on how various professions and players can work together more effectively to meet the future needs of New Zealand and promote economic efficiencies.

In 2008/09, LINZ started to develop a strategic context for the cadastral survey industry with the New Zealand Institute of Surveyors. We also continued to work collaboratively on a range of inter-agency projects, legislation, Treaty settlements and land information management activities, including:

- the New Zealand Geospatial Strategy, an all-of-government effort involving a number of agencies
- tenure review, with the Department of Conservation
- the natural resources inter-agency network led by the Ministry for the Environment
- a review of the Land Transfer Act 1952, with the Ministry of Justice and the Law Commission
- a review of the Unit Titles Act 1972, with the Department of Building and Housing
- Treaty settlement work, with the Office of Treaty Settlements
- the Māori Freehold Land Registration Project, with the Ministry of Justice
- topographic and hydrographic areas with the Royal New Zealand Navy, New Zealand Defence Force, emergency services agencies and Maritime New Zealand
- Oceans Survey 20/20, an all-of-government effort involving a number of agencies, and
- establishing relationships with territorial authorities on land development markets.

STRENGTHENING AND BUILDING OUR CORE COMPETENCIES

Talent management

Talent management is a comprehensive approach to the recruitment, management, development and retention of an organisation's staff. In 2008/09, LINZ agreed an approach for talent management and turned our immediate focus to building leadership capability and succession planning.

The first priority was to assess our current leadership capability and future requirements. A succession planning model was introduced in 2008/09, with the aim of reducing the dependency on some core staff. Capturing their expertise and knowledge will enable us to leverage off our current capability and build on this for the future.

This priority is supported by knowledge management strategies that have been trialled to capture key knowledge from staff close to retirement. Keeping the legacy of past experience and decisions available to staff will support the robustness of our systems and processes.

Progress has also been made on initiatives to ensure our information technology (IT) staff have the skill sets to respond to changing needs and support our outcomes. This will help ensure our IT standards and processes can support requirements for new delivery channels, applications or integration needs.

Driving retention initiatives

New entry surveys and exit interviews were introduced in 2008/09 to capture employees' views on their experience of working at LINZ. This information helps LINZ to improve as an employer, and exit data has provided information to drive retention initiatives. As at 30 June 2009, unplanned turnover was 9%, which is below the most recently published public sector average of 15% (as at 30 June 2008).

Strong employee engagement is widely accepted as key in improving organisational performance. In 2008/09, an employee engagement strategy was agreed and work has commenced on LINZ's first engagement survey, planned for March 2010. This initiative aims to help us create an environment for staff where they can give their best.

Māori responsiveness

A new Māori responsiveness programme has been developed and implemented, to teach Māori concepts of land and culture, as well as raise awareness of historical and contemporary Treaty issues for New Zealand.

Reinforcing our values

The set of values we seek staff to model are emphasised through our induction programmes, as well as ongoing leadership and skills training. These programmes are also used to reinforce our code of conduct and build the competency and professionalism of staff.

Guidance on appropriate behaviour and integrity issues has been provided through regular briefings and intranet postings.

LEVERAGING OUR KNOWLEDGE

Information, by definition, is a key asset. Capturing, organising, refreshing and sharing information relevant to the performance of business activities and to expert decision-making is practical business knowledge management.

Implementation of enterprise knowledge management is progressive, as it involves changing culture, perceptions and processes. In 2008/09, we continued to implement our knowledge management strategies, focusing on knowledge retention, knowledge sharing, and embedding knowledge in processes and systems.

LINZ is the custodian of a large collection of historical land records. In 2008/09, work to improve the descriptive information used to retrieve records, their storage, and the archiving of those identified as heritage records, has readied these historical land records for relocation and archiving in 2009/10.

STRENGTHENING A CULTURE OF VALUE FOR MONEY

Since LINZ was established 12 years ago, we have maintained a focus on creating better value within current baselines. LINZ has never made new funding bids to cover increases in staffing costs or inflation. These costs have always been absorbed within our baseline funding. In 2008/09, in response to the current fiscal environment and spending constraints, we built on our existing work to reprioritise and reduce costs, while maintaining services and identifying improvements for customers. We offered back \$18 million of Crown (taxpayer) funded savings over 2008/09 and the following three years. This will continue as an ongoing area of focus for us over 2009/10.

We started to develop a strategic research and evaluation framework in 2008/09, to help us develop performance measures and evaluation processes that improve our effectiveness in monitoring and reporting on our outputs and their impact on our outcomes.

TRANSITIONING INFORMATION TECHNOLOGY TO MEET CHANGING NEEDS

LINZ is heavily reliant on information technology (IT) to improve access to information and service delivery through electronic products and services. We have invested heavily in technology to support an electronic lodgement environment, and have recently implemented new electronic systems for capturing, storing, processing and delivering hydrographic and topographic data. This means we need to ensure ongoing support and maintenance for our existing infrastructure, as well as developing our IT capability in areas of the business that are changing.

In June 2008, we agreed an approach to guide the direction in which IT for the organisation will evolve. As part of this, we refreshed the IT architecture principles that guide our decision-making. Our approach looks out over seven years and will guide the development of infrastructure, processes and systems to support our business direction into the longer-term. It sets out the streams of work required to improve our capability, including governance, modernisation of Landonline, shared technology infrastructure and data management.

In 2008/09, we started work on our first projects from these work streams to update core infrastructure to improve the stability, reliability and currency of our technology. These included:

- increases to storage capacity and a replacement programme to ensure our hardware components remain current
- development of strategies for specific technology applications, and
- a review of the governance model for IT across LINZ.

We also established a project running to June 2010 that will review our existing IT processes, with the aim of improving the overall effectiveness of our IT service delivery.

DEVELOPMENT GOALS FOR THE STATE SECTOR

LINZ has an ongoing commitment to the goals for the state sector. We support them through our focus on:

- human resource policies and practices that support our objective of being a good employer
- our commitment to working collaboratively across government
- our work on improving the accessibility, responsiveness and effectiveness of our services, and
- reviewing the logic of our regulatory interventions.

In 2008/09, LINZ met these goals by:

- providing survey and title customers with the ability to lodge all land transactions electronically
- supplying hydrographic customers with charts in electronic format
- improving application processing times for overseas investors
- continuing to rationalise the regulatory frameworks used to define and transact land, and
- taking a leadership role in coordinating government agencies involved in the New Zealand Geospatial Strategy.

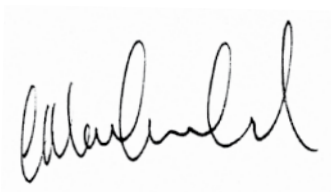
LINZ'S PERFORMANCE 2008/09 >

STATEMENT OF RESPONSIBILITY>

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 2009.



COLIN MACDONALD

Chief Executive
Land Information New Zealand

30 September 2009

Countersigned by:



BRIDGETTE HICKEY

Chief Financial Officer
Land Information New Zealand

30 September 2009



AUDIT REPORT>

> TO THE READERS OF LAND INFORMATION NEW ZEALAND'S FINANCIAL STATEMENTS, SCHEDULES OF NON-DEPARTMENTAL ACTIVITIES AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009.

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, Statement of Service Performance and schedules of non-departmental activities included in the annual report of the Department for the year ended 30 June 2009.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the Department on pages 47 to 69:
 - comply with generally accepted accounting practice in New Zealand, and
 - fairly reflect:
 - The Department's financial position as at 30 June 2009
 - the results of its operations and cash flows for the year ended on that date
 - its 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 2009, and
 - its unappropriated expenses and capital expenditure for the year ended 30 June 2009.
- The Statement of Service Performance of the Department on pages 22 to 45:
 - complies with generally accepted accounting practice in New Zealand, and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year, and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

- The schedules of non-departmental activities on pages 69 to 84:
 - fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2009.

The audit was completed on 30 September 2009, and 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 the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and Statement of Service Performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and Statement of Service Performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, schedules of non-departmental activities, and Statement of Service Performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data
- verifying samples of transactions and account balances
- performing analyses to identify anomalies in the reported data
- reviewing significant estimates and judgements made by the Chief Executive
- confirming year-end balances
- determining whether accounting policies are appropriate and consistently applied, and
- determining whether all financial statement, schedules of non-departmental activities, and Statement of Service Performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, schedules of non-departmental activities, and Statement of Service Performance.

We evaluated the overall adequacy of the presentation of information in the financial statements, schedules of non-departmental activities, and Statement of Service Performance. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE AND THE AUDITOR

The Chief Executive is responsible for preparing the financial statements, Statement of Service Performance and schedules of non-departmental activities in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The Statement of Service Performance must fairly reflect, for each class of outputs, the Department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2009.

The Chief Executive's responsibilities arise from sections 45A, 45B, and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and Statement of Service Performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of 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 Institute of Chartered Accountants of New Zealand.

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



G J TAYLOR

Ernst & Young

On behalf of the Auditor-General
Wellington, New Zealand

PERFORMANCE INFORMATION – STATEMENT OF SERVICE PERFORMANCE

OUTPUT CLASS 1 – POLICY ADVICE

This class of output includes the provision of policy advice to the Government and to the Minister relating to land, property and seabed information as well as the provision of ministerial support.

Output 110 – Policy Development and Ministerial Servicing

This output involves the provision of policy advice, briefings and support on matters relating to departmental functions and the provision of support to the Minister, which includes:

- draft replies to ministerial correspondence
- answers to Parliamentary questions
- draft speech notes
- draft communication releases
- briefing notes, and
- the production of the Department's accountability documents (i.e. Estimates, Statement of Intent, Annual Report, Output Plan).

The policy advice function encompasses new policy proposals, reviews of legislation, proposed new legislation, reports to Cabinet, Cabinet committees and Parliamentary select committees, and consultation with, and advice to, other departments on policy matters relating to departmental functions.

OUTPUT 110 – POLICY DEVELOPMENT AND MINISTERIAL SERVICING

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
Policy advice, briefings and support on matters relating to departmental functions provided to the Minister. Standard: As requested	For the year ended 30 June 2009, 267 briefings and submissions were provided to the Minister.
Provision of ministerial support services as required, including: <ul style="list-style-type: none"> • draft replies for letters to the Minister, including Official Information Act requests, and • draft responses to Parliamentary questions. Standard: 300 ministerials processed. (Range is 250–350)	For the year ended 30 June 2009, the following services were undertaken for ministerial support services: <ul style="list-style-type: none"> 71 ministerials were processed 28 Parliamentary questions (written) were received 2 Parliamentary questions (oral) were received All requests were responded to in the appropriate timeframes.

OUTPUT 110 – POLICY DEVELOPMENT AND MINISTERIAL SERVICING (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
Accountability documents (as indicated in the description) completed.	The 2007/08 Annual Report was completed on time and to the appropriate legislative requirements.
Standard: 100%	The 2009–12 Statement of Intent was completed on time and to the appropriate legislative requirements.

QUALITY

All policy advice, reports and draft responses for the Minister's signature will meet the policy advice/ministerial communication quality standards.	Ministerial feedback is received throughout the year on the quality of all policy papers.
Standard: A minimum rating of 'good' in six monthly assessments by the Minister	
% of draft Cabinet papers accepted by the Minister without substantive amendment to the underlying policy (i.e. excluding minor editorial or style changes).	For the year ended 30 June 2009, 11 Cabinet papers were accepted by the Minister. Of those 11 papers, 10 were accepted without substantive amendment to the underlying policy.
Standard: 95%	Standard: Not achieved (91%)
% of draft responses to ministerials accepted by the Minister without substantive amendment to the underlying policy (i.e. excluding minor editorial or style changes).	For the year ended 30 June 2009, 71 ministerials were processed. Of those, three were returned with amendments.
Standard: 95%	Standard: Achieved (96%)

TIMELINESS

All policy advice will be delivered to specified deadlines agreed with the Minister (including any agreed extensions).	All timeframes were met throughout the year.
Standard: 100%	Standard: Achieved (100%)
Provision of draft responses to ministerial correspondence within 10 working days or by a date agreed with the Minister's office.	All draft responses were provided to the Minister's office within 10 working days or the date agreed.
Standard: 100%	Standard: Achieved (100%)
Provision of draft responses to Parliamentary questions to deadline.	All responses to Parliamentary questions were met.
Standard: 100%	Standard: Achieved (100%)

FINANCIAL PERFORMANCE

OUTPUT CLASS 1 – POLICY ADVICE

	Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
	2,496	Revenue Crown	2,803	2,839
	–	Revenue other	–	45
	2,496	Total revenue	2,803	2,884
	2,518	Total expenses	2,772	2,893
	(22)	Net surplus/(deficit)	31	(9)

OUTPUT CLASS 2 – STANDARDS AND QUALITY ASSURANCE

This output class includes the regulatory activities for which the Department is responsible. The outputs aim to ensure the regulatory frameworks that create and protect property rights, and protect the public interest in Crown property management, rating valuations and the land information for which LINZ is responsible, are managed effectively and that delivery against the frameworks is quality assured. Specifically, it encompasses regulatory intervention and quality assurance for:

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

There are two outputs in this class:

210 Standards, and

220 Quality Assurance.

Output 210 – Standards

Part third party funded

This output includes the development, review and implementation of the regulatory interventions that protect the public interest in the national systems for which LINZ is responsible. In addition, this output involves:

- the provision of technical advice to the Government and stakeholders
- statutory delegations for registration and survey functions
- support to the Valuers Registration Board and the New Zealand Geographic Board
- support to the electoral system
- dealing with claims for compensation made under the Land Transfer Act 1952
- appeals from decisions of delegated staff, and
- liaison and exchanges of information internationally and with national advisory groups on standards.

OUTPUT 210 – STANDARDS

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
<p>New regulatory interventions or amendments to existing interventions required to reflect new Government policy, legislation, case law, audit findings, risk analysis and technology changes.</p> <p>Standard: 10 (Range 5–15)</p>	<p>For the year ended 30 June 2009, 11 new interventions or amendments were actioned.</p> <p>Standard: Achieved</p> <p>The following regulatory interventions or amendments occurred:</p> <ul style="list-style-type: none"> • LINZS25007 Darwin Glacier Lambert Conformal 2000 Projection • LINZS25002 New Zealand Geodetic Datum 2000 Projections • LINZG25703 Datum and Projection Transformations • LINZG25700 New Zealand Geodetic Datum 2000 • LINZG25702 New Zealand Geodetic Datum 2000 Projections • LINZG25701 Ross Sea Region Geodetic Datum 2000 • LINZG20715 Te Roroa Treaty Settlement • LINZG20714 Frequently asked questions about the standard LINZS2002 Verification of identity for regulation under the Land Transfer Act 1952 • LINZG30701 Summary of the main differences between the Rating Valuation Rules version 3.1 and the Rating Valuation Rules 2008 • NZGBS60000 Interim standard for under sea feature names, and • NZGBS60001 Interim standard for Crown protected area names.
QUALITY	
<p>All new and reviewed regulatory interventions will be in accordance with the LINZ risk-based standards development framework.</p> <p>Standard: 100%</p>	<p>All interventions were developed within the framework.</p> <p>Standard: Achieved</p>

OUTPUT 210 – STANDARDS (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
All regulatory interventions will be peer reviewed (including expert committee for standards) and signed off by the responsible regulator. Standard: 100%	All interventions were peer reviewed and signed off by the regulator. Standard: Achieved
TIMELINESS	
All regulatory interventions will be developed, reviewed and implemented in accordance with the timeframes specified in the annual business plan. Standard: 100%	In accordance with the business plan, 66% of the regulatory intervention programme was completed. Standard: Not achieved Comment: Insufficient staff and dollar resources were available to complete all of the standards programme in 2008/09. Reprioritisation and timeline adjustment was agreed with the Chief Executive and the new timeline for this work is for completion by 30 November 2009. A further 12 interventions are at public consultation stage and being readied for publication (80% will be published by 31 August 2009 and 100% by 30 November 2009).

Output 220 – Quality Assurance*Part third party funded*

This output involves making statutory decisions and recommendations regarding overseas investment in New Zealand, and the ongoing monitoring and auditing of compliance to ensure standards are met.

OUTPUT 220 – QUALITY ASSURANCE

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
Overseas investment applications processed and decisions or recommendations made. Standard: 275 (est) (Range 250–300)	188 applications processed and decisions or recommendations made. Standard: Not achieved Comment: The total number of applications received for the year ended 30 June 2009 is less than previous years due to the impact of the global economic recession. No remedial action is required as the Overseas Investment Office has no influence over the numbers of applications filed.
Annual quality assurance plan completed for each regulator. Standard: 3	Three quality assurance plans covering all regulatory areas were completed. Standard: Achieved

OUTPUT 220 – QUALITY ASSURANCE (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
<p>Audit programmes completed in all regulatory areas.</p> <p>Standard: 9</p>	<p>For the three regulatory areas, seven audit programmes were completed.</p> <p>The seven audit programmes were:</p> <p>Registrar-General of Land</p> <ul style="list-style-type: none"> • e-dealing compliance reviews • audit of law firms • audit of processing centres, and • Landonline maintenance and security review. <p>Cadastral Survey</p> <ul style="list-style-type: none"> • audit of survey firms, and • audit of processing centres. <p>Geodetic Survey</p> <ul style="list-style-type: none"> • survey work. <p>Crown Commissioner of Land</p> <ul style="list-style-type: none"> • pastoral activity decision-making. <p>Crown Property</p> <ul style="list-style-type: none"> • monitoring of accredited suppliers. <p>Valuation</p> <ul style="list-style-type: none"> • revaluation and objection audits, and • process and control audits. <p>Electoral</p> <ul style="list-style-type: none"> • electoral maintenance, and • index to streets and places. <p>Standard: Not achieved</p> <p>Comment: It was agreed the hydrography, topography and the Geographic Board regulatory areas were not required to complete audits. This decision was based on previous audit coverage.</p>
QUALITY	
<p>% of Overseas Investment Office recommendations to Ministers accepted without amendment.</p> <p>Standard: 95%</p>	<p>98% of the recommendations to the Ministers were accepted without amendment.</p> <p>Standard: Achieved</p>

OUTPUT 220 – QUALITY ASSURANCE (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
<p>The annual quality assurance plans will include:</p> <ul style="list-style-type: none"> • areas identified by 'high risk area' reports • follow-up of previous audit recommendations, and • relevant standards to be complied with. <p>All audits conducted under these programmes will meet the criteria specified in the terms of reference for each audit.</p> <p>Standard: 100%</p>	<p>All quality assurance plans incorporated:</p> <ul style="list-style-type: none"> • risks to the achievement of the regulators' objectives • all recommendations from audits completed between 1 July 2007 and 30 June 2008, and • all audits were linked to compliance with regulatory standards. <p>All audits undertaken met the criteria as specified in the terms of reference.</p> <p>Standard: Achieved</p>

TIMELINESS

<p>All correspondence from overseas investment applicants responded to.</p> <p>Standard: 90% within five working days of receipt of application or subsequent information.</p>	<p>Comment: Since 1 October 2008, all applications are checked on receipt and either accepted for registration (if the application is of acceptable quality) or rejected for unacceptable quality. 96.77% of all applications were checked for quality within five working days of receipt of the application and the applicants notified within that time.</p> <p>No statistics are held on the timeframes within which further information is responded to as the receipt of information may not warrant a response (for example, when requested information comes in tranches). For that reason, the OIO now measures the total time the registered application has been with the OIO.</p>
<p>All delegated decisions made by the Overseas Investment Office.</p> <p>Standard: 90% within 10 working days of receipt of all information.</p> <p>New measure:</p> <p>By July 2009, 90% of accepted applications will be processed within 50 working days.</p>	<p>Measure changed and agreed by Minister that as from 30 September 2008, the old measure will no longer be recorded.</p> <p>85% of accepted applications were processed within 50 working days.</p> <p>Standard: Not achieved</p> <p>Comment: The Overseas Investment Office has increased application processing staffing levels to deal with historical backlogs and processing delays. Staff training is still underway and processing times should gradually reduce as staff gain on-the-job experience. In addition, planned enhancements to the OIO's information management system application and database, which went live in August 2008, will produce further efficiencies.</p>

OUTPUT 220 – QUALITY ASSURANCE (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
All timeframes specified in the annual business plan will be met. Standard: 100%	The timeframes as specified in the Business and Regulatory Assurance annual business plan were met. Standard: Achieved
All audits conducted under these programmes will meet the timeframes specified in the terms of reference for each audit. Standard: 100%	Three of the seven audits undertaken missed the draft report timeframe as stated in the terms of reference. Standard: Not achieved (47%) Comment: All audits were undertaken within the specified timeframes as stated in the terms of reference. The only component missed in the completion of these audits was the drafting of the auditor's report which was 2–3 days outside the terms of reference.

FINANCIAL PERFORMANCE

OUTPUT CLASS 2 – STANDARDS AND QUALITY ASSURANCE

Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
4,488	Revenue Crown	4,023	3,779
5,397	Revenue other	1,653	1,876
9,885	Total revenue	5,676	5,655
9,885	Total expenses	7,301	7,342
–	Net surplus/(deficit)	(1,625)	(1,687)

*OUTPUT CLASS 8 – NEW ZEALAND GEOGRAPHIC BOARD

Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
–	Revenue Crown	545	634
–	Revenue other	1	–
–	Total revenue	546	634
–	Total expenses	560	634
–	Net surplus/(deficit)	(14)	–

*The output classes 8 and 9 were created during the 2008/09 financial year. All related performance information has been reported under output class 2. For the 2009/10 financial year, output classes 8 and 9 have been separated out into their respective outputs and this action is indicated in the Output Plan 2009/10.

*OUTPUT CLASS 9 – OVERSEAS INVESTMENT OFFICE

	Actual 2008 \$000	Actual 2009 \$000	Voted 2009 \$000
– Revenue other		1,080	1,119
– Total revenue		1,080	1,119
– Total expenses		2,464	2,627
– Net surplus/(deficit)		(1,384)	(1,508)

*The output classes 8 and 9 were created during the 2008/09 financial year. All related performance information has been reported under output class 2. For the 2009/10 financial year, output classes 8 and 9 have been separated out into their respective outputs and this action is indicated in the Output Plan 2009/10.

OUTPUT CLASS 3 – LAND AND SEABED DATA CAPTURE AND PROCESSING

Output class 3 involves the collection of data for specific public policy, operational business, or legislative purposes. It includes the capture and processing (receipt, validation, authorisation, manipulation, updating) of hydrographic, topographic, land title, and survey information (cadastral and geodetic).

There are two outputs in this output class:

310 *Delivery of the Land Rights Registration and Cadastral Survey Systems, and*

320 *Generation of the National Authoritative Geospatial Record.*

Output 310 – Delivery of the Land Rights Registration and Cadastral Survey Systems

Third party funded

The delivery of accurate and timely services in relation to the land rights registration and cadastral survey systems, including:

- registration of land title transactions
- issue of new land titles
- authorisation of cadastral survey datasets, and
- updating of the cadastral survey reference system.

OUTPUT 310 – DELIVERY OF THE LAND RIGHTS REGISTRATION AND CADASTRAL SURVEY SYSTEMS

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
Titles documents (instruments) processed from electronic lodgement.	426,376 documents processed from electronic lodgement for the year ended 30 June 2009.
Standard: 552,000 (est) (Range 470,000–635,000)	77.98% of land title documents were processed electronically.
	Standard: Not achieved
	Comment: Overall downward trend in property market resulted in a lower-than-forecast volume (-23%) of electronic lodgements for the 12 months.

OUTPUT 310 – DELIVERY OF THE LAND RIGHTS REGISTRATION AND CADASTRAL SURVEY SYSTEMS (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
Titles documents (instruments) processed from paper lodgement. Standard: 155,000 (est) (Range 133,000–180,000)	120,377 documents processed from paper lodgement for the year ended 30 June 2009. Standard: Not achieved Comment: Overall downward trend in the property market resulted in a lower-than-forecast volume (-22%) of paper lodgements for the 12 months.
Cadastral survey datasets processed from electronic lodgement. Standard: 13,500 (est) (Range 11,500–15,500)	11,521 cadastral survey datasets processed from electronic lodgement for the year ended 30 June 2009. Standard: Achieved

QUALITY

Rating achieved in the quality category of quarterly independent telephone surveys of randomly selected regular customers. Standard: Good (minimum)	The standard of 'good' has been met or exceeded in each quarter. Standard: Achieved
All titles documents processed according to standards set by the Registrar-General of Land. Standard: 100%	Quality assurance audit provided reasonable assurance of general compliance with standards. Standard: Achieved
Level of error ratings recorded against titles as recorded in the corrections register. Standard: 0.2% or less	The error rate recorded was lower than 0.2% of titles issued or re-issued. Standard: Achieved
All cadastral survey datasets processed and integrated into Landonline according to standards set by the Surveyor-General. Standard: 100%	Quality assurance audit confirmed compliance with standards. Standard: Achieved

TIMELINESS

Rating achieved in the timeliness category of quarterly independent telephone surveys of randomly selected customers. Standard: Good (minimum)	The standard of 'good' has been met or exceeded in each quarter. Standard: Achieved
Landonline system is available: Standard: 99.5% between: <ul style="list-style-type: none"> • 7am and 9pm Monday to Thursday • 7am and 7pm Friday, and • 9am and 5pm Saturday. 	The Landonline system was available 99.71% of the time for the year ended 30 June 2009. Standard: Achieved

OUTPUT 310 – DELIVERY OF THE LAND RIGHTS REGISTRATION AND CADASTRAL SURVEY SYSTEMS (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
Titles documents processed from paper and electronic lodgement. Standard: 95% within 15 working days	Performance for the year ended 30 June 2009 was 98%. Standard: Achieved
Cadastral survey datasets processed from electronic lodgement. Standard: 90% within 10 working days	Performance for the year ended 30 June 2009 was 99%. Standard: Achieved

Output 320 – Generation of the National Authoritative Geospatial Record*Mostly Crown funded*

This output involves the delivery of those services necessary for the generation of the national authoritative geospatial record, i.e. the geodetic reference system, topographic and hydrographic information, and the electoral spatial reference dataset.

OUTPUT 320 – GENERATION OF THE NATIONAL AUTHORITATIVE GEOSPATIAL RECORD

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
Topographic maps printed. Standard: 70 (est) (Range 65–75)	A total of 67 maps were produced for the year ended 30 June 2009: <ul style="list-style-type: none">• 36 x 260 series maps reprinted, and• 31 x Topo 250 sheets printed. <p>This number represents the bottom end of the agreed range.</p> <p>Standard: Achieved</p>
Hydrographic charts printed. Standard: 79 (est) (Range 75–85)	A total of 61 paper charts were printed for the year ended 30 June 2009. In addition to this, 40 electronic charts were produced with the move to electronic production. The combined figure of 101 represents the true production of hydrographic charts for the year ended 30 June 2009. Standard: Achieved
Surveyed and/or maintained contracted geodetic control marks. Standard: 1,000 (est) (Range 800–1,200)	2,282 marks were processed for the year ended 30 June 2009. Standard: Achieved

OUTPUT 320 – GENERATION OF THE NATIONAL AUTHORITATIVE GEOSPATIAL RECORD (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
Electoral spatial reference dataset actions: Electoral agency addressing queries processed. Standard: 2,900 (est) (Range 2,400–3,400)	2,925 electoral spatial reference datasets were actioned for the year ended 30 June 2009. Standard: Achieved
QUALITY	
All topographic and hydrographic data generated will meet the required standards as assessed by quality assurance audit. Standard: 100%	Quality assurance audit was not performed. Comment: Topographic and hydrographic audits were not required based on the level of risk and previous audit coverage. See performance measure Quality Assurance Output 220 – Audit programmes completed in all regulatory areas.
All geodetic data generated will meet the quality standards of the Surveyor-General as assessed by quality assurance audit. Standard: 100%	Quality assurance audit provided reasonable assurance of general compliance with standards. Standard: Achieved
All electoral spatial reference dataset actions will meet the quality standards in the memoranda of understanding with Statistics New Zealand, the Electoral Enrolment Centre, the Chief Electoral Office and the Surveyor-General, as assessed by quality assurance audit. Standard: 100%	Quality assurance audit provided reasonable assurance of general compliance with standards. Standard: Achieved
TIMELINESS	
New data, maps or charts available in the databases or for dissemination. Standard: 95% within 20 working days after acceptance.	All topographic data is updated in-house and reflects real time update. Hydrographic data: 100%. Four new paper charts and two new editions were produced and available within 20 working days. Standard: Achieved
Notified critical changes, errors or omissions to topographic data actioned. Standard: 95% within four working days of acceptance for individual features.	No critical errors or omissions were notified.
New geodetic data available in the databases or for dissemination. Standard: 95% within 20 working days after receipt.	2,434 of the 2,435 data available enquires were actioned within the agreed time. This represents a 99.96% response rate. Standard: Achieved

OUTPUT 320 – GENERATION OF THE NATIONAL AUTHORITATIVE GEOSPATIAL RECORD (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
Electoral agency addressing queries processed. Standard: 90% within 10 working days from receipt.	2,836 of the 2,925 queries were processed within the timeframe. This represents a 97% response rate. Standard: Achieved
Follow up with territorial authorities regarding outstanding addressing queries. Standard: 90% within 20 working days from last follow up.	2,703 of the 2,795 follow-up actions occurred with territorial authorities. This represents a 96.7% response rate. Standard: Achieved
Statistics New Zealand meshblock edits completed. Standard: 90% within 10 working days.	771 of 774 Statistics New Zealand meshblock edits occurred. This represents a 99.6% response rate. Standard: Achieved
Territorial authority data supplies (roads or addresses) completed: 1–50 edits. 50–500 edits. 500 or more edits. Standard: 90% within: <ul style="list-style-type: none"> 10 working days, or 20 working days by negotiation. 	The number of data edits completed within 10 working days are as follows: 1–50 edits: <ul style="list-style-type: none"> 4,937 of 5,017 (98.4%) 50–500 edits: <ul style="list-style-type: none"> 44 of 45 (97.8%) 500 or more edits: <ul style="list-style-type: none"> 8 of 8 (100%) Standard: Achieved Comment: Negotiating the 20 working day timeframe was not required during 2008/09.

FINANCIAL PERFORMANCE

OUTPUT CLASS 3 – LAND AND SEABED DATA CAPTURE AND PROCESSING

Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
17,726	Revenue Crown	17,583	17,680
21,848	Revenue other	25,923	26,808
39,574	Total revenue	43,506	44,488
46,365	Total expenses	45,984	45,314
(6,791)	Net surplus/(deficit)	(2,478)	(826)

OUTPUT CLASS 4 – LAND AND SEABED INFORMATION STORAGE AND MANAGEMENT

This output class includes the efficient and secure management of LINZ's databases and systems for storing and managing data, including enhancements to relevant processes and systems. Protection of the Government's ownership interest in terms of maintaining capability and future-proofing is an important aspect of this output class.

There are two outputs in this output class:

- 410 *Ongoing Maintenance of an Information System Infrastructure that Protects the Integrity and Security of Authoritative Databases, and*
- 420 *Information Systems Development.*

Output 410 – Ongoing Maintenance of an Information System Infrastructure that Protects the Integrity and Security of Authoritative Databases*Third party funded*

This output ensures the ongoing maintenance of an information systems infrastructure protecting the integrity and security of LINZ's authoritative databases (including the land rights register, the geodetic and cadastral survey reference system, topographic, hydrographic and Crown land databases, and the electoral spatial reference dataset). It includes database management, disaster recovery systems, protection of intellectual property rights, and protection against physical damage, corruption, illegal alteration, deterioration and obsolescence.

OUTPUT 410 – ONGOING MAINTENANCE OF AN INFORMATION SYSTEM INFRASTRUCTURE THAT PROTECTS THE INTEGRITY AND SECURITY OF AUTHORITATIVE DATABASES

PERFORMANCE MEASURE

PERFORMANCE

QUANTITY

IT infrastructure is future-proofed to maintain system availability and sustainability.

To establish the overarching Cobit governance, including ITIL, to assist with improvements to service delivery by June 2009.

To develop the Enterprise Architecture work programme and incorporate it into the planning process by June 2009.

Standard: Architectural principles are maintained and communicated at least annually.

A continuing programme of maintaining IT infrastructure is in place and being actioned to ensure system availability and sustainability. This ongoing work is also reflected in the 2009–2012 IT Group plan, including the introduction of a redundancy for key components of Landonline system infrastructure and completing the upgrade of equipment in offices that provide connectivity.

Processes to assist with service delivery improvement have been identified and work is in progress to implement them. Overarching IT Governance has been designed and is subject to approval. Work is in progress to reduce single points of failure.

The Enterprise Architecture work programme has been incorporated into the IT Group business plan for 2009–2012.

Standard: Achieved

QUALITY

The Enterprise Architecture components, including the Architecture Principles, are reviewed based on project change and in-line with business planning processes to ensure ongoing alignment with LINZ's strategic direction.

Standard: The IT architecture standards are reviewed at least annually to ensure alignment with e-government Interoperability Framework (eGIF) and other international standards.

Review of Enterprise Architecture components and Principles is ongoing, in conjunction with completion of projects. All designs are subject to architectural approval.

The Information Security Framework was updated to comply with government-mandated policies, standards and guidance documents relating to the use of information technology.

Standard: Achieved

TIMELINESS

The IT infrastructure is maintained to ensure it is available to the business systems that utilise it.

Standard: The service level agreements for the business systems are met each month.

All IT infrastructure is being managed in accordance with LINZ policies and standards, and has been maintained according to IT Architecture Principles and direction.

Standard: Not achieved

Comment: An audit of our service level agreements showed the Landonline system did not meet the 99.5% availability standard.

Output 420 – Information Systems Development

Crown funded

This output involves developing and implementing enhancements to the information systems infrastructure – as distinct from routine or programmed maintenance covered in Output 410. Because of their one-off nature and probable scale in terms of time and money, these developments are prioritised and generated on a project basis.

OUTPUT 420 – INFORMATION SYSTEMS DEVELOPMENT

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
<p>Projects as determined by the LINZ strategic project approval process and aligned with the Government's objectives and funding priorities.</p> <p>Standard: All projects are approved in accordance with the project governance process.</p>	<p>Eleven new projects were submitted to the Executive for approval in accordance with the project governance process.</p> <p>Standard: Achieved</p>
QUALITY	
<p>Standards to which projects will be managed.</p> <p>Standard: In accordance with the LINZ project framework which includes:</p> <ul style="list-style-type: none"> • risk management • robust governance arrangements, and • evaluation and review. <p>To the quality standards defined in the relevant project plan.</p>	<p>All 19 projects in the LINZ governance process were managed in accordance with the LINZ project management framework.</p>
<p>Standards to which system developments and enhancements are managed.</p> <p>Standard: In accordance with the LINZ System Development Life Cycle.</p>	<p>All development projects undertaken in accordance with the LINZ System Development Life Cycle.</p> <p>Standard: Achieved</p>
TIMELINESS	
<p>Timelines to which projects will be managed.</p> <p>Standard: As set in the project plan for each project.</p>	<p>Projects were monitored to the project plan that includes approved change controls.</p> <p>One project, Overseas Investment Office, missed the project timeline.</p> <p>Standard: Not achieved</p> <p>Comment: The delay was caused by the failure of the data migration application. The errors in the data migration have been resolved and the data since migrated.</p>

FINANCIAL PERFORMANCE

OUTPUT CLASS 4 – LAND AND SEABED INFORMATION STORAGE AND MANAGEMENT

	Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
5,436	Revenue Crown		3,949	4,222
17,901	Revenue other		1,245	1,254
23,337	Total revenue		5,194	5,476
31,367	Total expenses		28,801	29,380
(8,030)	Net surplus/(deficit)		(23,607)	(23,904)

OUTPUT CLASS 5 – LAND AND SEABED INFORMATION ACCESS AND DISSEMINATION

This output class involves the provision of easy, widely available and equitable access to, and dissemination of, information (both electronic and paper) held by LINZ. Access means, amongst other things: choice of means of service delivery (paper or electronic), affordability, accessibility by Māori, and the ability of deaf, blind and English-as-a-second-language speakers to access the information they need in a usable form.

There is one output in this output class:

510 *Provision of Access to Information and Services.*

Output 510 – Provision of Access to Information and Services

Mix of Crown and third party funded

This output involves providing access and a dissemination service for the public to the following:

- land title, and cadastral and geodetic survey information, and
- topographic and hydrographic information.

OUTPUT 510 – PROVISION OF ACCESS TO INFORMATION AND SERVICES

PERFORMANCE MEASURE	PERFORMANCE
LAND TITLE, AND CADASTRAL AND GEODETIC SURVEY INFORMATION	
QUANTITY	
Electronic title records supplied.	2,981,714 electronic title records were supplied for the year ended 30 June 2009.
Standard: 3,260,000 (Range 2,735,000–3,782,000)	Standard: Achieved
Paper title records supplied.	24,098 paper title records were supplied for the year ended 30 June 2009.
Standard: 25,000 (Range 20,500–29,500)	Standard: Achieved

OUTPUT 510 – PROVISION OF ACCESS TO INFORMATION AND SERVICES (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
Electronic survey records supplied. Standard: 240,000 (Range 171,000–309,000)	177,283 electronic survey records were supplied for the year ended 30 June 2009. Standard: Achieved
Paper survey records supplied. Standard: 4,500 (Range 3,500–5,500)	4,098 paper survey records were supplied for the year ended 30 June 2009. Standard: Achieved
QUALITY	
Rating achieved in the quality category of quarterly independent telephone surveys of randomly selected regular customers. Standard: Good (minimum)	The standard of 'good' has been met or exceeded in each quarter. Therefore the overall rating of 'good' has been achieved. Standard: Achieved
TIMELINESS	
Landonline system is available: Standard: 99.5% between: <ul style="list-style-type: none"> • 7am and 9pm Monday to Thursday • 7am and 7pm Friday, and • 9am and 5pm Saturday. 	The Landonline system was available for 99.38% of the time during the designated hours. This figure is marginally below the agreed standard. Standard: Not achieved Comment: The full year result is marginally (0.12%) below target having failed results for six of 12 months. Database software and firewall issues are the main causes of outages.
Rating achieved in the timeliness category of quarterly independent telephone surveys of randomly selected regular customers. Standard: Good (minimum)	The standard of 'good' has been met or exceeded in each quarter. Therefore the overall rating of 'good' has been achieved. Standard: Achieved
TOPOGRAPHIC AND HYDROGRAPHIC INFORMATION (MAPS, CHARTS AND INFORMATION)	
QUALITY	
Maintain a full inventory of topographic and hydrographic information. Standard: 100%	A full inventory of topographic and hydrographic information was maintained for the year ended 30 June 2009. Standard: Achieved
TIMELINESS	
Topographic maps/hydrographic charts dispatched to the retailer. Standard: Within two working days of order received.	The dispatch of topographic and hydrographic charts has been achieved within two working days of receipt of request. The achievement of this standard is embedded in the contract for warehouse services. Standard: Achieved

FINANCIAL PERFORMANCE

OUTPUT CLASS 5 – LAND AND SEABED INFORMATION ACCESS AND DISSEMINATION

	Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
	1,185	Revenue Crown	968	1,182
	3,682	Revenue other	8,862	8,442
	4,867	Total revenue	9,830	9,624
	4,976	Total expenses	5,050	5,073
	(109)	Net surplus/(deficit)	4,780	4,551

OUTPUT CLASS 6 – CROWN PROPERTY MANAGEMENT AND DISPOSAL SERVICES (INCLUDES PASTORAL)

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

There are two outputs in this output class:

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

Output 610 – Crown Property Management and Disposal Services

Mostly Crown funded

This output involves providing services necessary for the efficient management of Crown land and land-related liabilities. The services include:

- Crown property management (*Note: LINZ administers approximately 4,500 properties on behalf of the Crown; of these, approximately 2,500 properties are in two property management contracts. The minimum criterion for a property to be included in a property management contract is that rates are levied against that property*)
- Crown property disposal
- Crown property acquisition
- Crown pastoral lease land tenure reform
- Crown forest management
- Management of land-related liabilities, and
- Treaty of Waitangi settlement obligations.

OUTPUT 610 – CROWN PROPERTY MANAGEMENT AND DISPOSAL SERVICES

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
(1) Properties leased or licensed. Standard: 775 (Range 700–850)	755 were currently leased/licensed as at 30 June 2009. Standard: Achieved
(2) Revenue sales target from properties available for disposal. Standard: \$6 million (± 10%)	\$2.550 million in revenue sales for properties were attained. Standard: Not achieved Comment: Lack of demand led to a fall in property values due to the global economic recession. In addition, revenue of \$236.405 million has been achieved through Treaty of Waitangi settlements.
(3) Properties purchased. Standard: Undertaken on an 'as required' basis.	Three properties purchased at a total value of \$452,798. Standard: Achieved
(4) Substantive tenure review proposals put to leaseholders. Standard: 6 (Range 4–10)	Four substantive proposals were put as at 30 June 2009. Standard: Achieved Comment: The requirement under the Government's lakeside policy introduced in November 2007 meant fewer tenure agreements were achieved than anticipated.
(5) Crown forestry licences managed. Standard: 71 (Range 65–75)	72 Crown forestry licences were managed. Standard: Achieved Comment: 23 Crown forestry licences will vest with the Central North Island iwi collective on 1 July 2009, reducing the number of Crown forestry licences managed to 49.
(6) Land-related liabilities managed. Standard: 350 (Range 300–500)	353 land-related liabilities were managed for the year ended 30 June 2009. Standard: Achieved
(7) Properties included in Treaty of Waitangi settlement redress. Standard: 29 (Range 10–50 properties to become unconditional)	41 LINZ properties became unconditional for Treaty of Waitangi settlement redress. Standard: Achieved
QUALITY	
Standards to which the above services will be provided. Standards: In accordance with:	Standard: Achieved (see achievement results below)
<ul style="list-style-type: none"> the specifications in the property management contracts (1) 	Services have been delivered within the specifications of the property management contracts.

OUTPUT 610 – CROWN PROPERTY MANAGEMENT AND DISPOSAL SERVICES (CONTINUED)

PERFORMANCE MEASURE	PERFORMANCE
<ul style="list-style-type: none"> Statutory requirements (2 and 3) 	All disposals were completed in terms of the LINZ standards and guidelines including statutory and government-directed requirements.
<ul style="list-style-type: none"> LINZ Crown Pastoral Land Standards (4) 	Services have been delivered according to requirements.
<ul style="list-style-type: none"> the specifications in Part 2 of the Crown Forest Licence Management Agreement (5) 	Crown forest licences were managed according to requirements.
<ul style="list-style-type: none"> the requirements in the LINZ 'Operating Framework for the Investigation and Management of Land Related Crown Liabilities' (6), and 	The management of contingent liabilities has been in accordance with the requirements and processes recorded in the operating framework dated June 2007.
<ul style="list-style-type: none"> LINZ Treaty Settlement contractual and legislative compliance plans (7). 	Compliance plans are being drafted as required for every settlement.

TIMELINESS

Standards to which services will be managed.	Standard: Achieved (see achievement results below)
Standards:	
In accordance with:	
<ul style="list-style-type: none"> the timeframes in the property management contracts (1) 	All services have been delivered within property management contract timeframes.
<ul style="list-style-type: none"> Statutory requirements (2 and 3) 	All property disposal processes including statutory requirements were undertaken in a timely manner in terms of LINZ standards and guidelines and instructions to LINZ disposal contractors.
<ul style="list-style-type: none"> the timeframes in Part 2 of the Crown Forest Licence Management Agreement (5), and 	All services have been delivered within timeframes.
<ul style="list-style-type: none"> the timeframes in the LINZ 'Operating Framework for the Investigation and Management of Land Related Crown Liabilities' (6). 	The management of contingent liabilities is in accordance with the requirements and processes in the operating framework.
Time by which tenure review substantive proposals will be put to the leaseholder.	All five substantive proposals were put within 10 working days of being signed on behalf of the Crown.
Standard: Within 10 working days of being signed on behalf of the Crown (4).	Standard: Achieved
Deadline to achieve revenue target.	Comment: This hasn't been a measure for some years and will be removed from 2009/10.
Standard: 30 June 2009.	

Output 620 – Delivery of Crown Property Clearance Service

Third party funded

This output is the provision of a property clearance service for work undertaken by accredited suppliers. This work involves ensuring all relevant information has been researched and assessed for relevance to the specific property, that the conclusions reached are in line with the facts and the legislative provisions, and that the recommendation is consistent with those conclusions.

OUTPUT 620 – DELIVERY OF THE CROWN PROPERTY CLEARANCE SERVICE

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
Property reports cleared and a statutory decision made.	For the year ended 30 June 2009, 2,771 property reports and statutory decisions were made.
Standard: 3,000 (est) (Range 2,500–3,500)	Standard: Achieved
	Comment: The standard has been met in regards to the target range figures. The figure is at the lower end of the target spread.
QUALITY	
Standard to which the service will be provided.	During the 2008/09 year, services were provided in accordance with the Crown property standards for the year ended 30 June 2009.
Standard: In accordance with the Crown property standards as assessed by quality assurance audit.	Comment: In November 2008, LINZ internal assurance programme audited the service standard. Their comments were "... reasonable assurance can be provided that there are adequate processes and controls in place to ensure good decision making by the clearances team".
TIMELINESS	
Statutory reports and recommendations cleared or responded to.	86.3% statutory reports and recommendations were cleared within five working days.
Standard: 95% within five working days.	This indicated the standard was not achieved for the 2008/09 year. The reason for this is that the requirement of peer review under s40 Public Works Act (PWA) has affected the timeliness measure.
	Standards: Partly achieved
	Comment: For 2009/10, this target has been changed to 95% within 10 working days to reflect the need for peer review of s40 PWA decisions and quality assurance of compulsory acquisitions – which impacts adversely on the current target.

FINANCIAL PERFORMANCE

OUTPUT CLASS 6 – CROWN PROPERTY MANAGEMENT AND DISPOSAL SERVICES

	Actual 2008 \$000		Actual 2009 \$000	Voted 2009 \$000
	16,546	Revenue Crown	17,632	18,737
	558	Revenue other	446	541
	17,104	Total revenue	18,078	19,278
	17,470	Total expenses	18,012	18,492
	(366)	Net surplus/(deficit)	66	786

OUTPUT CLASS 7 – OCEANS SURVEY 20/20 PROGRAMME

This output involves undertaking the census of antarctic marine life initiative within the Oceans Survey 20/20 Programme.

There is one output in this output class:

700 Oceans Survey 20/20.

Output 700 – Oceans Survey 20/20

All Crown funded

This output involves initiatives within the Oceans Survey 20/20 Programme.

OUTPUT 700 – OCEANS SURVEY 20/20

PERFORMANCE MEASURE	PERFORMANCE
QUANTITY	
Programme developed by 30 September 2008. Standard: 100%	Contract for Phase 1 signed 8 October 2008, and survey started 16 October 2008. Comment: Phase 1 survey did not need to go to tender as this was completed by the NIWA survey vessel Tangaroa within the days allocated to LINZ.
Request for Proposal (RFP) issued by 15 December 2008. Standard: 100%	Phase 2 RFP issued 19 December 2008. Comment: Four-day delay did not affect closing date for tenders.
Contract awarded March 2009. Standard: 100%	Preferred contractor advised 15 May 2009. Comment: Contract could not be awarded until budget for Oceans Survey 20/20 Programme had been confirmed. First survey under Phase 2 started on 2 July 2009, as scheduled.
QUALITY	
Programme agreed by key stakeholders. Standard: 100%	Programme agreed by key stakeholders and contract signed. Phase 2 tender evaluated by stakeholders.
TIMELINESS	
Key dates achieved. Standard: 100%	Slight delay to Phase 2 tender, and contract for Phase 2 could not be awarded until budget had been confirmed. First survey in Phase 2 started on time.

FINANCIAL PERFORMANCE

OUTPUT CLASS 7 – OCEANS SURVEY 20/20 PROGRAMME

	Actual 2008 \$000	Actual 2009 \$000	Voted 2009 \$000
6,671 Revenue Crown		4,518	4,516
6,671 Total revenue		4,518	4,516
6,670 Total expenses		4,518	4,557
1 Net surplus/(deficit)		–	(41)

FINANCIAL STATEMENTS>

FINANCIAL STATEMENTS>

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Note	Actual 2009 \$000	Main Estimates (note 2) 2009 \$000	Supplementary Estimates (note 2) 2009 \$000
Income					
54,548	Revenue Crown	3	52,021	57,308	53,589
49,386	Revenue other	3	39,878	53,428	40,085
–	Net gain on disposal of property, plant and equipment		17	–	–
103,934	Total income		91,916	110,736	93,674
Expenditure					
43,275	Personnel costs	4	42,863	44,118	45,633
9,703	Depreciation and amortisation	8, 9	7,670	8,268	7,664
2,937	Capital charge	5	2,943	2,956	2,918
431	Restructuring costs		3,650	–	24
62,905	Other operating expenses	6	58,336	66,014	60,073
119,251	Total expenditure		115,462	121,356	116,312
(15,317)	Net surplus/(deficit)		(23,546)	(10,620)	(22,638)

Explanations of significant variances against budget are detailed in note 22.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

Actual 2008 \$000		Note	Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Assets					
Current assets					
299	Cash and cash equivalents		1,830	1,075	1,345
9,770	Trade and other receivables	7	7,227	4,665	8,300
1,196	Prepayments		991	1,245	784
11,265	Total current assets		10,048	6,985	10,429
Non-current assets					
47,222	Intangibles – software	9	43,782	50,154	46,313

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2009

Actual 2008 \$000		Note	Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
2,668	Work in progress	10	885	—	—
49,890	Total intangibles – software		44,667	50,154	46,313
4,363	Property, plant and equipment	8	5,250	5,882	4,221
54,253	Total non-current assets		49,917	56,036	50,534
65,518	Total assets		59,965	63,021	60,963
Liabilities					
Current liabilities					
15,695	Trade and other payables	11	9,236	13,287	13,637
993	Provisions	12	4,525	530	530
4,804	Employee entitlements	13	4,921	4,000	5,161
80	Deferred revenue		64	1,000	30
21,572	Total current liabilities		18,746	18,817	19,358
Non-current liabilities					
4,708	Employee entitlements	13	4,473	5,300	4,700
4,708	Total non-current liabilities		4,473	5,300	4,700
26,280	Total liabilities		23,219	24,117	24,058
39,238	Net assets		36,746	38,904	36,905
Taxpayers' funds					
39,238	General funds	14	36,746	38,904	36,905
39,238	Total taxpayers' funds		36,746	38,904	36,905

STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Note	Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
39,239	Balance as at 1 July		39,238	38,904	39,238
(15,317)	Surplus/(deficit) for the year		(23,546)	(10,620)	(22,638)
(15,317)	Total recognised income and expenses		(23,546)	(10,620)	(22,638)
15,316	Capital contribution		21,054	10,620	20,305
39,238	Balance as at 30 June	14	36,746	38,904	36,905

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

STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2009

Actual 2008 \$000	Notes	Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Cash flows from operating activities				
45,121	Receipts from Crown	54,641	49,786	55,193
2,546	Receipts from other departments	2,929	939	2,069
45,621	Receipts from revenue other	36,793	49,865	37,791
(59,249)	Payments to operating suppliers	(64,973)	(59,992)	(62,581)
(43,509)	Payments to employees	(43,053)	(43,391)	(45,265)
(2,937)	Payments for capital charge	(2,943)	(2,956)	(2,918)
(451)	Goods and services tax (net)	400	—	386
(12,858)	Net cash flows from operating activities	(16,206)	(5,749)	(15,325)
Cash flows from investing activities				
—	Receipts from sale of property, plant and equipment	59	—	—
(8,105)	Purchase of property, plant and equipment	(2,161)	(7,333)	(3,934)
—	Purchase of intangible assets	(1,215)	—	—
(8,105)	Net cash flows from investing activities	(3,317)	(7,333)	(3,934)
Cash flows from financing activities				
15,316	Capital contribution	21,054	10,620	20,305
15,316	Net cash flows from financing activities	21,054	10,620	20,305
(5,647)	Net increase/(decrease) in cash and cash equivalents	1,531	(2,462)	1,046
5,946	Cash and cash equivalents at the beginning of the year	299	3,537	299
299	Cash at end of year	1,830	1,075	1,345

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.

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2009

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.

Non-cancellable operating lease commitments

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

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

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

During the year ended 30 June 2009, \$4.810 million was recognised as an expense in the Statement of Financial Performance in respect of operating leases (2008: \$5.949 million). \$0.928 million was recognised as income in the Statement of Financial Performance in respect of subleases (2008: \$0.951 million).

Other non-cancellable commitments

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

Actual 2008 \$000		Actual 2009 \$000
Non-cancellable operating lease commitments		
4,418	Not later than 1 year	4,327
10,182	Later than 1 year and not later than 5 years	5,900
14,600	Total non-cancellable operating lease commitments	10,227
Other non-cancellable commitments		
19,001	Not later than 1 year	15,453
24,881	Later than 1 year and not later than 5 years	19,108
8,599	Later than 5 years	—
52,481	Total other non-cancellable lease commitments	34,561
67,081	Total commitments	44,788

STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2009

Quantifiable contingent liabilities

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

Actual 2008 \$000		Actual 2009 \$000
1,400	Legal proceedings and disputes	3,870
1,400	Total contingent liabilities	3,870

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 (2008: nil).

STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2009

Expenditure actual 2008 \$000	Appropriations for output expenses	Expenditure actual 2009 \$000	Appropriations Voted* 2009 \$000	Variance favourable/ (unfavourable) \$000
2,518	Policy Advice	2,772	2,893	121
9,885	Standards and Quality Assurance	7,301	7,342	41
46,365	Land and Seabed Data Capture and Processing	45,984	45,314	(670)
31,367	Land and Seabed Information Storage and Management	28,801	29,380	579
4,976	Land and Seabed Information Access and Dissemination	5,050	5,073	23
17,470	Crown Property Management and Disposal Services	18,012	18,492	480
6,670	Oceans Survey 20/20 Programme	4,518	4,557	39
–	Administration of the New Zealand Geographic Board	560	634	74
–	Administration of the Overseas Investment Office	2,464	2,627	163
119,251	Total appropriations for output expenses	115,462	116,312	850
Capital expenditure				
8,105	Appropriation for capital expenditure	3,376	3,934	558
8,105	Total departmental capital expenditure	3,376	3,934	558

* Includes adjustments made in the Supplementary Estimates.

STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2009

Unappropriated expenditure 2008 \$000	Appropriations for output expenses	Expenditure after remeasurements 2009 \$000	Appropriations Voted 2009 \$000	Variance favourable/ (unfavourable) \$000
–	Land and Seabed Data Capture and Processing	45,984	45,314	(670)
–	Total appropriations for output expenses	45,984	45,314	(670)

Vote Land

A hydrographic survey of Great Barrier Island was scheduled to take place over two financial years (2008/09 and 2009/10).

The work schedule for the survey was allocated to align with funding available within each year. The 2008/09 work schedule was completed early, therefore it was more cost-effective to allow the 2009/10 programme to also commence early, while the contracted vessel remained onsite.

Accordingly, a portion of the 2009/10 work programme was completed and costs expensed in the 2008/09 financial year. This has resulted in the output class exceeding appropriation in 2008/09. There will be compensating savings from the 2009/10 appropriation that will be offered back.

The resulting unappropriated expenditure of \$0.670 million requires validation in terms of section 26C of the Public Finance Act.

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.

In addition, the Department also reports on the Crown activities and Trust monies it administers.

The primary objective of LINZ is to provide services to the public. Accordingly, we have designated ourselves 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 2009. The financial statements were authorised for issue by the Chief Executive on 30 September 2009.

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, and comply with, NZ IFRS 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.

At the date of these financial statements, a number of standards and interpretations were in issue but not yet effective.

Initial application of the following standards will not affect any of the amounts recognised in the financial statements, but will change the presentation and disclosures presently made:

- NZ IAS 1 'Presentation of Financial Statements' (revised 2007). The revised NZ IAS 1 requires the presentation of all recognised income and expenses in one statement (a Statement of Comprehensive Income) or in two statements (an Income Statement and a Statement of Comprehensive Income) separately from owner changes in equity. The revised standard also includes other minor changes to presentation and disclosure requirements.

- NZ IFRS 8 'Operating Segments' replaces NZ IAS 14 'Segment Reporting'. NZ IFRS 8 extends the scope of segment reporting and requires identification of operating segments and disclosures based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The standards are effective for annual reporting periods on or after 1 January 2009, therefore they are expected to be initially applied in the financial year ending 30 June 2010.

Initial application of the following standards and interpretations are not expected to have any material impact on the financial statements of the Department:

2008 Annual improvements to IFRS	1 January 2009
IFRS 7 Amendment – Improving Disclosures about Financial Instruments	1 January 2009

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 the Department's liability under 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 Financial Performance.

Cash and cash equivalents

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

Trade and other receivables (refer note 7)

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 Financial Performance.

Foreign currency transactions

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

Property, plant and equipment

Property, plant and equipment consists of leasehold improvements, furniture and office equipment, computer hardware, and motor vehicles.

Property, plant and equipment is shown at cost less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$3,000. The value of an individual asset that is less than \$3,000, and is part of a similar group of assets, is capitalised.

Additions

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

Disposals

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

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 (or valuation) 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 licenses 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.

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 Financial Performance.

The useful lives of intangible assets have been estimated at between three 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 Financial Performance.

Trade and other payables (refer note 11)

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

Employee entitlements

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

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

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows. The discount rate is based on rates supplied by the Treasury. The inflation factor is based on the expected long-term increase in remuneration for employees.

	2009	2008
Long term	5.96%	5.75%
Salary inflation	3.50%	3.00%

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 Financial Performance as incurred.

Provisions

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

Taxpayers' funds

Taxpayers' funds 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 that 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 also 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 cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Statement of Cost Accounting Policies

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

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

- (1) Costs that are directly related to an output are allocated directly to that output.
- (2) Costs that are not directly related to a single output fall into two categories:
 - costs that are not related to the production of outputs are defined as overhead costs. These are allocated to Direct Output Producing Cost-Centres (DOPCCs) using, as a proxy for consumption, cost drivers such as Full-time Equivalent staff (FTE), floor area, and estimated usage, and
 - costs that partially relate to the production of outputs are those incurred within DOPCCs that are not sufficiently direct to allocate directly.

All costs that fall into either category under (2) above are allocated from DOPCCs to outputs using a proxy for estimated resource usage, such as FTE staff time.

There have been no changes in cost accounting policies since the date of the last audited financial statements.

Critical accounting estimates and assumptions

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

Retirement, sick and long-service leave

Note 13 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 12 represents the Department's estimated liability to reinstate leased accommodation to its original state at the expiry of the lease term.

Severance provision

Note 12 includes the Department'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, the Department reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Department to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Department, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on

the depreciation expense recognised in the Statement of Financial Performance, 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 programs
- 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 8 and intangible assets in note 9.

2. BUDGET COMPOSITION

	2009 Main Estimates \$000	2009 Supplementary Estimates changes \$000	2009 Budget total \$000
Income			
Revenue Crown	57,308	(3,719)	53,589
Revenue other	53,428	(13,343)	40,085
Total income	110,736	(17,062)	93,674
Expenditure			
Depreciation and amortisation	8,268	(604)	7,664
Capital charge	2,956	(38)	2,918
Restructuring costs	—	24	24
Other operating expenses	110,132	(4,426)	105,706
Total expenditure	121,356	(5,044)	116,312
Net surplus/(deficit)	(10,620)	(12,018)	(22,638)

Explanations of major changes in the Supplementary Estimates:

Revenue Crown

Revenue Crown was reduced in line with the net reduction in Revenue Crown-funded expenses, as described below.

Revenue other

Revenue other was reforecast based on an updated estimate of transaction volumes. LINZ transaction volumes are directly related to the level of activity in the property market, and the reduction in forecast for 2008/09 reflects the current cyclical downturn.

Total expenditure

The decrease is the net result of:

- expense transfers into 2008/09, primarily for land tenure reform and the 100% e-lodgement project, of \$6.300 million
- expense transfers from 2008/09 to 2009/10, primarily for the Transpower project, of \$10.100 million
- new funding, being funding carried back for the 100% e-lodgement project, and the New Zealand Geographic Board, of \$2.100 million, and
- savings offered back to the Government of \$3.400 million.

3. REVENUE

Actual 2008 \$000		Actual 2009 \$000
Crown revenue		
2,496	Crown – Policy Advice	2,803
4,488	Crown – Standards and Quality Assurance	4,023
17,726	Crown – Land and Seabed Data Capture and Processing	17,583
5,436	Crown – Land and Seabed Information Storage and Management	3,949
1,185	Crown – Land and Seabed Information Access and Dissemination	968
6,671	Crown – Oceans Survey 20/20 Programme	4,518
16,546	Crown – Property Management and Disposal Services	17,632
–	Crown – New Zealand Geographic Board	545
54,548	Total Crown revenue	52,021
Other revenue		
306	Crown property sale fees	352
69	Electoral support services	87
1,282	Licence and sign-up fees	1,175
1,487	Miscellaneous	1,278
1,466	Overseas Investment Office applications	1,082
2,093	Rating valuation audit charge	1,754
9,991	Search fees	8,894
951	Sub-leased revenue	928
5,700	Survey fees	4,222
26,041	Titles fees	20,106
49,386	Total other revenue	39,878

4. PERSONNEL COSTS

Actual 2008 \$000		Actual 2009 \$000
39,433	Salaries and wages	39,743
2,184	Contract employees	1,542
241	ACC levies	260
1,063	Contributions to defined contribution plans	1,057
354	Increase/(decrease) in employee entitlements	261
43,275	Total personnel costs	42,863

5. CAPITAL CHARGE

The Department pays a capital charge to the Crown based on its 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 2009 is 7.5% (2008: 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 2008 \$000		Actual 2009 \$000
	Fees to auditors:	
234	Audit fees for the financial statement audit	191
15	Audit fees for NZ IFRS transition	—
5,949	Leasing and renting costs	4,810
7,598	Other operating costs	8,368
24	Provision for doubtful debts	26
16,088	Professional services	10,987
11,668	Contracts for topography/hydrography	13,066
11,294	Computer operating costs	10,771
10,035	Crown property services	10,117
62,905	Total other operating expenses	58,336

7. TRADE AND OTHER RECEIVABLES

Actual 2008 \$000		Actual 2009 \$000
4,044	Debtors to non-related parties	4,142
(26)	Less: provision for doubtful debts	(47)
4,018	Net debtors	4,095
5,752	Monies receivable from the Crown	3,132
9,770	Total trade and other receivables	7,227

Trade receivables are shown net of provision for doubtful debts amounting to \$0.047 million (2008: \$0.026 million) recognised in the current year.

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 2009, the Department has identified no debtors (2008: nil) that are insolvent.

The Department has no significant exposure to credit risk, as it has a policy that all customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating. 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 2008 \$000		Actual 2009 \$000
2	Balance as at 1 July	26
24	Additional provisions made during the year (see note 6)	26
–	Receivables written off during the period	(5)
26	Balance as at 30 June	47

As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	Gross	2008 Impairment	Net	Gross	2009 Impairment	Net
Not past due	3,570	–	3,570	3,518	–	3,518
Past due 1–30 days	267	–	267	273	–	273
Past due 31–60 days	149	–	149	109	–	109
Past due 61–90 days	28	–	28	64	–	64
Past due > 91 days	30	(26)	4	178	(47)	131
Total	4,044	(26)	4,018	4,142	(47)	4,095

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$000	Motor vehicles \$000	Computer hardware \$000	Plant and equipment \$000	Furniture and fittings \$000	Total \$000
Cost or valuation						
Balance as at 1 July 2007	1,576	147	6,435	225	452	8,835
Additions	3,576	139	1,532	470	693	6,410
Disposals	—	(34)	—	(40)	(67)	(141)
Balance as at 30 June 2008	5,152	252	7,967	655	1,078	15,104
Balance as at 1 July 2008	5,152	252	7,967	655	1,078	15,104
Additions	181	—	1,969	6	5	2,161
Disposals	—	(137)	(287)	(43)	—	(467)
Balance as at 30 June 2009	5,333	115	9,649	618	1,083	16,798
Accumulated depreciation and impairment losses						
Balance as at 1 July 2007	975	37	2,516	169	286	3,983
Depreciation charge for the year	206	25	1,022	21	49	1,323
Additions	3,487	129	779	430	610	5,435
Balance as at 30 June 2008	4,668	191	4,317	620	945	10,741
Balance as at 1 July 2008	4,668	191	4,317	620	945	10,741
Depreciation charge for the year	206	14	948	12	52	1,232
Eliminate on disposal	—	(98)	(284)	(43)	—	(425)
Balance as at 30 June 2009	4,874	107	4,981	589	997	11,548
Carrying amounts						
As at 1 July 2007	601	110	3,919	56	166	4,852
As at 30 June 2008 and 1 July 2008	484	61	3,650	35	133	4,363
As at 30 June 2009	459	8	4,668	29	86	5,250

Impairment

There has been no impairment to property, plant and equipment during the financial year (2008: nil).

9. INTANGIBLES – ACQUIRED SOFTWARE ASSETS

Actual 2008 \$000	Cost	Actual 2009 \$000
94,733	Balance as at 1 July	101,014
6,281	Additions	2,999
–	Eliminate on disposal	(349)
101,014	Balance as at 30 June	103,664
Amortisation and impairment losses		
43,565	Balance as at 1 July	53,792
8,380	Amortisation expense	6,438
1,847	Disposals	(348)
53,792	Balance as at 30 June	59,882
47,222	Total acquired software	43,782
Carrying amounts		
	As at 1 July 2007	51,168
	As at 30 June and 1 July 2008	47,222
	As at 30 June 2009	43,782

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 2008 \$000	Remaining amortisation period		Carrying 2009 \$000	Remaining amortisation period
45,532	1–15 years	Landonline	41,246	1–14 years

10. WORK IN PROGRESS

Actual 2008 \$000		Actual 2009 \$000
1,046	Balance as at 1 July	2,668
1,622	Additions	262
–	Work in progress capitalised to intangible assets	(2,045)
2,668	Balance as at 30 June	885

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

11. TRADE AND OTHER PAYABLES

Actual 2008 \$000		Actual 2009 \$000
15,339	Creditors and accrued expenses	8,448
227	ACC levy payable	258
129	GST, FBT and PAYE payable	530
15,695	Total trade and other payables	9,236

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.

12. PROVISIONS

Actual 2008 \$000		Actual 2009 \$000
108	Surplus leased accommodation	50
454	Reinstatement provision	453
431	Severance provision	4,022
993	Total provisions	4,525

	Surplus leased accommodation \$000	Reinstatement provision \$000	Severance provision \$000	Total \$000
2008				
Balance as at 1 July 2007	218	419	—	637
Additional provisions made during the year	—	35	431	466
Charge against provision for the year	(110)	—	—	(110)
Balance as at 30 June 2008	108	454	431	993
2009				
Balance as at 1 July 2008	108	454	431	993
Additional provisions made during the year	—	—	3,650	3,650
Charge against provision for the year	(58)	(1)	(59)	(118)
Balance as at 30 June 2009	50	453	4,022	4,525

Surplus leased accommodation

The provision for surplus leased accommodation represents the Department's liability under lease agreements for surplus leased space. The provision is calculated on the net present value of the rental payable. The liability created is then amortised over the term of the lease, which will expire in 2010.

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 the Department's requirement to pay redundancy packages to those employees affected by the closure of three Processing Centres and restructure within the National Office.

13. EMPLOYEE BENEFITS

Actual 2008 \$000		Actual 2009 \$000
Current employee entitlements are represented by		
152	Vested long-service leave	105
2,835	Vested annual leave	2,817
126	Accrued sick leave	180
1,691	Accrued salaries and wages	1,819
4,804	Total current employee benefits	4,921
Non-current employee entitlements are represented by		
3,240	Vested retirement leave	3,190
1,468	Unvested long-service and retirement leave	1,283
4,708	Total non-current employee benefits	4,473
9,512	Total employee entitlements	9,394

The present value of the retirement and long-service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate (5.96% for 3+ years) and the salary inflation factor (3.5% long term). Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate, LINZ considered the interest rates on New Zealand government bonds with terms to maturity that match, as closely to possible, the estimated future cash outflows. The salary inflation factor has been based on the rate supplied by the Treasury.

14. TAXPAYERS' FUNDS

Actual 2008 \$000		Actual 2009 \$000
General funds		
39,239	Balance as at 1 July	39,238
(15,317)	Net surplus/(deficit)	(23,546)
15,316	Capital contribution from the Crown	21,054
39,238	Total taxpayers' funds	36,746

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

Actual 2008 \$000		Actual 2009 \$000
(15,317)	Net surplus/(deficit)	(23,546)
Add back non-cash items		
1,323	Depreciation and assets written off	1,232
8,380	Amortisation of intangibles	6,438
9,703	Total non-cash items	7,670
Add back items classified as investing activity		
(51)	Net loss/(gain) on sale of plant, property and equipment	(17)
Movements in working capital		
(9,576)	(Increase)/decrease in receivables	2,543
(229)	(Increase)/decrease in prepayments	205
2,490	Increase/(decrease) in payables	(6,475)
(75)	Increase/(decrease) in provisions	3,532
197	Increase/(decrease) in current employee entitlements	(118)
(7,193)	Net movements in working capital	(313)
(12,858)	Net cash inflow/(outflow) from operating activities	(16,206)

16. 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.

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

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

Key management personnel are those members of the Executive Committee.

Remuneration

Key management personnel compensation (includes Chief Executive and direct reports) is:

2008 Actual \$000		2009 Actual \$000
1,516	Salaries and other short-term employee benefits	1,706
36	Post-employment benefits	40
—	Contractual entitlements	10

17. 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.

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

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

18. FINANCIAL INSTRUMENT RISKS

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

Credit risk

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

Fair value

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

Interest rate risk

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

Liquidity risk

Liquidity risk arises from situations in which a party interested in trading an asset cannot do so as there are no willing participants in the market. Liquidity risk becomes particularly important to parties who are about to hold or currently hold an asset, as it affects their ability to trade.

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

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected cash draw downs from the New Zealand Debt Management Office. The Department maintains a target level of available cash to meet liquidity requirements. The table below analyses the Department's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
2008				
Creditors and other payables (see note 11)	6,202	9,493	—	—
2009				
Creditors and other payables (see note 11)	6,817	2,383	36	—

19. 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 2008 Actual \$000	Fair value 2008 Actual \$000		Note	Carrying amount 2009 Actual \$000	Fair value 2009 Actual \$000
Loans and receivables					
299	299	Cash and cash equivalents		1,830	1,830
9,770	9,770	Trade and other receivables	7	7,227	7,227
10,069	10,069	Total loans and other receivables		9,057	9,057
Financial liabilities measured at amortised cost					
15,339	15,339	Trade and other payables	11	8,448	8,448

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.

20. CAPITAL MANAGEMENT

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

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

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

21. 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 2009

Actual 2008 \$000		Actual 2009 \$000
28,744	Balance as at 1 July	11,805
	Income	
45,154	Operating revenue	35,973
	Expenses	
62,093	Operating expenses	58,446
(16,939)	Net surplus/(deficit)	(22,473)
11,805	Balance as at 30 June	(10,668)

OVERSEAS INVESTMENT OFFICE (OIO) – STATEMENT OF MEMORANDUM ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Actual 2009 \$000
117	Balance as at 1 July	45
	Income	
1,466	Income from OIO applications	1,081
	Expenses	
1,538	Expenses from OIO operations	2,467
(72)	Surplus/(deficit) for the period	(1,386)
45	Balance as at 30 June	(1,341)

22. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

Revenue Crown

Revenue Crown is under budget by \$5.287 million. The variance is the net result of approved Crown funded expenditure carry-forwards to 2008/09 and 2009/10, and under spends in Revenue Crown funded outputs.

Revenue other

Revenue other is under budget by \$13.550 million. This is due to a reduction in transaction volumes caused by the property market downturn during the 2008/09 year.

Other operating expenses

Other operating expenses are under budget by \$7.678 million. This is partly due to unspent funds for projects and programmes for which expenditure has been approved to carry forward to 2009/10. The most significant of the under spends is with the Transpower North Island Grid Upgrade project. In addition, funding of \$3.400 million was returned as savings to contribute to the Government's value for money review.

LINZ AS AN AGENT OF THE CROWN> NON-DEPARTMENTAL STATEMENTS AND SCHEDULES FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
14,195	Operating revenue and receipts	21,011	23,745	19,936
7,064	Capital revenue and receipts	240,373	9,556	7,056
14,231	Operating expenses	44,553	21,354	35,409
21,551	Capital expenses	13,496	17,327	13,277
800,540	Assets	792,146	728,773	794,610
45,576	Liabilities	56,835	48,457	48,949

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 Statement of Objectives and Service Performance Section of the Annual Report.

These non-departmental balances are consolidated into the Financial Statements of the Government. Therefore, readers of these statements and schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2009.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Expenditure before remeasurements 2009 \$000	Remeasurements 2009 \$000	Expenditure actual 2009 \$000	Appropriation Voted* 2009 \$000	Variance favourable/ (unfavourable) \$000
Appropriations for output classes to be supplied by other parties						
184	Contaminated sites	186	—	186	300	114
5	Lakes	242	—	242	243	1
189	Total	428	—	428	543	115
Appropriations for other expenses to be incurred by the Crown						
10	Bad and doubtful debts	13	—	13	25	12
299	Crown forest management	397	—	397	801	404
226	Crown obligations – loss on disposal	196	—	196	467	271
959	Crown rates	957	—	957	1,107	150
116	Depreciation & amortisation	40	—	40	172	132
18	Inventory write-offs	16	—	16	44	28
1,784	Land liabilities	2,977	(2,218)	759	918	159
237	Residual Crown leasehold rents	3,214	(2,920)	294	421	127
8,443	Proceeds from sale of Transit NZ properties	15,881	—	15,881	17,000	1,119
—	Central North Island iwi collective settlement	13,905	—	13,905	13,905	—
—	Te Arawa iwi/hapū settlement	900	—	900	900	—
—	Te Roroa settlement	3,710	—	3,710	3,710	—
12,092	Total	42,206	(5,138)	37,068	39,470	2,402

* Includes adjustments made in the Supplementary Estimates.

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 2009.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000	Expenditure before remeasurements 2009 \$000	Remeasurements 2009 \$000	Expenditure actual 2009 \$000	Appropriation Voted* 2009 \$000	Variance favourable/ (unfavourable) \$000
Appropriations for purchase of capital assets of the Crown					
– Access to Crown forest land	5,000	–	5,000	5,000	–
– Crown acquisitions – Huntly East	333	–	333	380	47
– Crown purchases – land exchanges	–	–	–	26	26
220 Crown obligatory acquisitions	322	–	322	323	1
220 Total	5,655	–	5,655	5,729	74
12,501 Total appropriations for the year	48,289	(5,138)	43,151	45,742	2,591

* Includes adjustments made in the Supplementary Estimates.

STATEMENT OF NON-DEPARTMENTAL MULTI-YEAR APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2009

The Statement of Non-Departmental Multi-Year Appropriation (MYA) details capital expenditure for the period 2006/07 to 2008/09 against appropriations. The Department administers these appropriations on behalf of the Crown.

	2007 \$000	2008 \$000	2009 \$000
Purchase or development of capital assets by the Crown			
Land tenure reform acquisitions			
Original appropriation	8,889	17,778	32,000
Appropriation adjustments	2,090	–	3,185
Total appropriation	10,979	17,778	35,185
Cumulative appropriation	42,090	42,090	35,185
Opening spend	5,772	15,054	–
Current year spend	9,282	21,331	7,841
Total spend	15,054	36,385	7,841
Appropriation remaining	27,036	5,705	27,344

The current MYA of \$32,000 million for the land tenure programme commenced in 2008/09 and will finish in 2010/11. An underspend in the programme in the 2007/08 year was expense-transferred into the 2008/09 year.

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 2009.

SCHEDULE OF NON-DEPARTMENTAL REVENUE AND RECEIPTS

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Operating revenue				
13,777	Sale of goods and services	20,987	23,678	19,869
418	Other operational revenue	24	67	67
14,195	Total non-departmental operating revenue	21,011	23,745	19,936

SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Capital receipts				
6,043	Property sales	238,956	6,000	6,000
1,021	Land tenure reform sales	1,417	3,556	1,056
7,064	Total non-departmental capital receipts	240,373	9,556	7,056

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

SCHEDULE OF NON-DEPARTMENTAL EXPENSES

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Operating expenses				
189	Non-departmental output classes	428	500	543
Other expenses to be incurred by the Crown				
116	Depreciation and amortisation	40	172	172
237	Rental and leasing costs	294	512	298
10	Debts write-off/(recovered)	13	—	—
—	Write-down/(up) of assets	(18)	—	—
(1,642)	Loss/(gain) on sale of properties	18,059	—	18,515
—	Remeasurements	5,138	—	—

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 2009.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2009

Actual 2008 \$000		Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
3,590	GST input expense	2,427	2,317	751
11,731	Other operating expenses	18,172	17,853	15,130
14,231	Total non-departmental operating expenses	44,553	21,354	35,409
Capital expenses				
220	Property purchases	655	767	729
—	Access to Crown forest land	5,000	—	5,000
21,331	Land tenure reform purchases	7,841	16,560	7,548
21,551	Total non-departmental capital expenses	13,496	17,327	13,277

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS

AS AT 30 JUNE 2009

Actual 2008 \$000		Note	Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Assets					
Current assets					
6,330	Cash and cash equivalents		11,876	3,175	5,639
2,407	Trade and other receivables	4	232,670	7,800	232,044
12,240	Properties held for sale	6	45,052	15,995	3,000
314	Forests	7	100	763	763
—	Work in progress		374	—	—
672	Inventory		493	749	672
21,963	Total current assets		290,565	28,482	242,118
Non-current assets					
778,570	Physical assets	8	496,574	700,284	552,485
—	Intangible assets	9	5,000	—	—
7	Debtors and receivables	4	7	7	7
778,577	Total non-current assets		501,581	700,291	552,492
800,540	Total assets		792,146	728,773	794,610

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 2009.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

AS AT 30 JUNE 2009

Actual 2008 \$000		Note	Actual 2009 \$000	Main Estimates 2009 \$000	Supplementary Estimates 2009 \$000
Liabilities					
Current liabilities					
13,365	Trade and other payables	5	20,559	27,546	17,320
3,165	Provisions	10	2,357	—	8,387
16,530	Total current liabilities		22,916	27,546	25,707
Non-current liabilities					
—	Trade and other payables		—	11,134	—
9,440	Deferred income		9,216	9,777	9,290
19,606	Provisions	10	24,703	—	13,952
29,046	Total non-current liabilities		33,919	20,911	23,242
45,576	Total liabilities		56,835	48,457	48,949

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

AS AT 30 JUNE 2009

Other non-cancellable commitments.

Actual 2008 \$000		Actual 2009 \$000
Operating commitments		
Non-cancellable contracts for supply of goods and services		
1,074	Not later than 1 year	634
84	Later than 1 year and not later than 5 years	1,052
1,158	Total non-cancellable contracts for supply of goods and services	1,686
1,158	Total operating commitments	1,686

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 2009.

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

AS AT 30 JUNE 2009

Quantifiable contingent liabilities are as follows:

Actual 2008 \$000		Actual 2009 \$000
555	Legal proceedings and disputes	—
18,751	Other contingent liabilities	18,751
19,306	Total contingent liabilities	18,751

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 2009

	As at 1 July 2008 \$000	Contribution \$000	Distribution \$000	As at 30 June 2009 \$000
Land Deposit Trust	2,133	—	(38)	2,095
Endowment Rentals Trust	1	117	(117)	1
Hunter Soldiers Assistance Trust	55	—	—	55
Crown Forestry Licences Trust	3,728	46,203	(46,405)	3,526
Total	5,917	46,320	(46,560)	5,677

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 2009.

NOTES TO THE NON-DEPARTMENTAL SCHEDULES>

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

Accounting policies

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

Measurement and recognition rules applied in the preparation of these non-departmental schedules 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 Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the capital charge rate. The carrying amount is reduced through the use of a provision for doubtful debts 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).

Inventories

Inventories are held for distribution on a cost-recovery or non-commercial basis. Inventories are valued at the lower of cost (calculated using the weighted average method) and current replacement cost.

Current replacement cost reflects any obsolescence or impairment.

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. These assets are expected to be disposed of within 12 months and are therefore designated current.

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, and
- railway properties.

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

Revaluation methods

For Crown forest land, the fair value is deemed to be either (i) the discounted cash flows of future licence fees expected to be received or (ii) market valuation where the land has been market valued for sale purposes or (iii) at adjusted rating valuation where the properties value is derived from its rating valuation. The adjusted rated value is the rated value multiplied by the

Property Index, which takes into account current valuations and sales by land type or region. This brings the rated value to a more realistic fair value.

For Crown pastoral land, the fair value is deemed to be the discounted cash flows of future rental income expected to be received. Vacant land valuations are performed by DTZ 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 valuations and sales by land type or region.

Buildings, plant and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses.

Martin Veale (Telfer Young), an independent valuer, has confirmed that the valuation approaches used at 30 June 2009 are appropriate for determining fair value in accordance with NZ IFRS.

Valuers

Multiple valuers are engaged by the entity, valuers engaged in the last twelve months in order to determine the fair value of properties were Quotable Value Limited, Simes Limited, DTZ 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 the entity, and to market based yields for comparable properties.

Valuer	Date of valuation	Property type	Fair value of properties revalued \$000
Quotable Value Limited	March 2008	Crown forest land	10,400
Simes Limited	June 2009	Crown Pastoral land	6,608
DTZ Limited	May/June 2009	Un-alienated Crown land	30,125

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 off-sets a previous decrease in value recognised in the Schedule of Non-Departmental Expenses will be recognised first in the Schedule of Non-Departmental Expenses up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Schedule of Non-Departmental Expenses. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

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.

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

Amortisation

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

The useful lives of the intangible asset have been determined at 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 cash flows after tax. The valuation as at 30 June 2008 was carried out by Alan Bell and Associates (Registered Forestry Consultants NZIF). Management considers there has been no significant change to the value since June 2008.

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

Impairment of non-financial assets

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

Provisions

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

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

Commitments

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

2. ADDITIONAL INFORMATION

Summary of appropriations changes.

Appropriation	Main Estimates \$000	Supplementary Estimates \$000	Total appropriated 2009 \$000
Non-departmental output classes			
Contaminated sites	500	(200)	300
Lakes	-	243	243
Total non-departmental output classes	500	43	543
Other expenses to be incurred by the Crown			
Bad and doubtful debts	25	-	25
Crown forest management	500	301	801
Crown obligations – loss on disposal	267	200	467
Crown rates	1,107	-	1,107
Deprecation and amortisation	172	-	172
Inventory write-offs	44	-	44
Land liabilities	843	75	918
Residual Crown leasehold rents	396	25	421
Proceeds from sale of Transit NZ properties	17,000	-	17,000
Central North Island iwi collective settlement	-	13,905	13,905
Te Arawa iwi/hapū settlement	-	900	900
Te Roroa settlement	-	3,710	3,710
Total other crown expenses	20,354	19,116	39,470
Purchase or development of capital assets by the Crown			
Access rights to Crown forest licenced land	-	5,000	5,000
Crown acquisitions – Huntly East	500	(120)	380
Crown obligatory acquisitions	267	56	323
Crown purchases – land exchanges	-	26	26
Total crown capital assets	767	4,962	5,729
Total appropriations	21,621	24,121	45,742

3. FINANCIAL OVERVIEW AND PERFORMANCE VARIATIONS

Non-departmental output expenses

Non-departmental output expenses include expenditure for contaminated site management and the maintenance of facilities on Crown land around hydro lakes. Contaminated sites is a demand-driven appropriation, and expenditure during the year reflects the level of demand for remedial action. Funding for the maintenance of facilities on Crown land around hydro lakes was spent on completing the upgrade of facilities around Lake Wanaka.

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 the NZTA, receiving income from land sales and refunding the proceeds back to the NZTA. These refunds require an appropriation. In addition, there was an under-spend in Crown forest management, for which an expense transfer in principle has been approved to carry the under-spend forward to the 2009/10 year.

Capital receipts

The variance in capital receipts to budget is due to the earlier-than-projected invoicing for the Central North Island Treaty settlement to the Office of Treaty Settlement. The settlement was completed in July 2009 as projected, but invoiced in the 2008/09 financial year.

4. TRADE AND OTHER RECEIVABLES

Actual 2008 \$000		Actual 2009 \$000
2,073	Debtors to non-related parties	2,469
(27)	Less: provision for doubtful debts	(27)
2,046	Net debtors	2,442
—	Accounts receivables – Departments	229,899
368	Accounts receivables – Crown entities	336
2,414	Total trade and other receivables	232,677
Represented by		
2,407	Current	232,670
7	Non-current	7

Debtors are shown net of provision for doubtful debts amounting to \$0.027 million (2008: \$0.027 million) recognised in the current year. The carrying value of debtors and other receivables approximates their fair value.

Current trade and other receivables includes \$225.600 million due from the Office of Treaty Settlement for the Central North Island Treaty settlement, which was settled in July 2009.

As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

The provision for doubtful debts has been calculated based on expected losses for the Crown's pool of debtors. Expected losses have been determined based on an analysis of the Crown's losses in previous periods and review of specific debtors. Those specific debtors that are insolvent are fully provided for. As 30 June 2009, the Department has identified no debtors (2008: nil) that are insolvent.

Movements in the provision for doubtful debts are as follows:

Actual 2008 \$000		Actual 2009 \$000
27	Balance as at 1 July	27
27	Balance as at 30 June	27

5. TRADE AND OTHER PAYABLES

Actual 2008 \$000		Actual 2009 \$000
13,138	Creditors and accrued expenses	19,462
227	GST payable	1,097
13,365	Total creditors and other payables	20,559

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 2008 \$000		Actual 2009 \$000
—	Crown forest land	19,971
11,507	Crown pastoral land	19,839
—	Railway properties	1,250
—	Surplus government properties	354
733	Un-alienated Crown land	3,638
12,240	Total non-current assets held for sale	45,052

The \$45.052 million (2008:\$12.240 million) includes forest land, rated properties and pastoral land classified as held for sale. They are expected to be disposed in the next 12 months as per disposal schedules (rated properties and forest land) and tenure reviews (pastoral land).

7. BIOLOGICAL ASSETS

Actual 2008 \$000	Cost	Actual 2009 \$000
763	Carrying amount as at 1 July	314
—	Disposals	(220)
(449)	Gain/(loss) from changes to fair value	6
314	Carrying amount as at 30 June	100

The biological assets consist of a Radiata pine forest and is classified as current because 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.

As at 30 June 2009, LINZ held trees planted over 17.6ha (2008: trees planted over 127.9ha). During the year ended 30 June 2009, LINZ disposed of 110.3ha of planted trees. No consideration was received for the disposed trees as they either had no value or were included within the disposal of the land beneath.

8. PHYSICAL ASSETS

	Crown forest land \$000	Crown pastoral land \$000	Crown leases \$000	Railway properties \$000	Surplus government properties \$000	Un-alienated Crown land \$000	Total \$000
Cost or valuation							
Balance as at 1 July 2007	421,965	111,143	756	71,702	18,853	88,173	712,592
Revaluation increase	26,156	30,703	—	5,524	7,782	21,851	92,016
Additions	—	18,901	—	—	—	—	18,901
Disposals/transfers to assets held for sale	—	(24,589)	—	(13,947)	(2,444)	(3,680)	(44,660)
Balance as at 30 June 2008	448,121	136,158	756	63,279	24,191	106,344	778,849
Balance as at 1 July 2008	448,121	136,158	756	63,279	24,191	106,344	778,849
Revaluation increase/ (decrease)	8,709	19,580	—	(4,545)	(6,376)	(13,865)	3,503
Additions	—	6,703	—	—	—	137	6,840
Disposals/transfers to assets held for sale	(242,923)	(37,690)	(756)	—	(1,730)	(9,446)	(292,545)
Balance as at 30 June 2009	213,907	124,751	—	58,734	16,085	83,170	496,647
Accumulated depreciation and impairment losses							
Balance as at 1 July 2007	—	—	—	—	—	(163)	(163)
Depreciation charge for the year	—	—	—	—	—	(116)	(116)
Balance as at 30 June 2008	—	—	—	—	—	(279)	(279)
Balance as at 1 July 2008	—	—	—	—	—	(279)	(279)
Depreciation charge for the year	—	—	—	—	—	(40)	(40)
Reversal of impairment losses	—	—	—	—	—	205	205
Disposals	—	—	—	—	—	41	41
Balance as at 30 June 2009	—	—	—	—	—	(73)	(73)
Carrying amounts							
As at 1 July 2007	421,965	111,143	756	71,702	18,853	88,010	712,429
As at 30 June 2008 and 1 July 2008	448,121	136,158	756	63,279	24,191	106,065	778,570
As at 30 June 2009	213,907	124,751	—	58,734	16,085	83,097	496,574

9. INTANGIBLE ASSETS

Actual 2008 \$000	Cost	Actual 2009 \$000
–	Carrying amount as at 1 July	–
–	Additions	5,000
–	Carrying amount as at 30 June	5,000

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 2008 \$000		Actual 2009 \$000
420	Provision for onerous leases	456
1,123	Huntly East provision	708
1,622	Other	1,193
3,165	Total current portion	2,357
6,610	Provision for onerous leases	9,075
12,996	Huntly East provision	15,628
19,606	Total non-current portion	24,703
22,771	Total provisions	27,060

	Provision for onerous leases \$000	Huntly East provision \$000	Other provisions \$000	Total \$000
2008				
Balance as at 1 July 2007	7,484	14,119	2,104	23,707
Additional provisions made during the year	–	–	663	663
Charge against provision for the year	(454)	–	(1,016)	(1,470)
Unused amounts reversed during the year	–	–	(129)	(129)
Balance as at 30 June 2008	7,030	14,119	1,622	22,771

10. PROVISIONS (CONTINUED)

	Provision for onerous leases \$000	Huntly East provision \$000	Other provisions \$000	Total \$000
2009				
Balance as at 1 July 2008	7,030	14,119	1,622	22,771
Additional provisions made during the year	—	—	254	254
Charge against provision for the year	(419)	—	(430)	(849)
Discounting changes	2,920	2,218	-	5,138
Unused amounts reversed during the year	—	(1)	(253)	(254)
Balance as at 30 June 2009	9,531	16,336	1,193	27,060

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. EVENTS AFTER THE BALANCE SHEET DATE

A decision by the Land Valuation Tribunal (LVT) released on 30 July 2009, found in favour of the pastoral lessee and stated that valuations for assessing rents should not adopt capital value or land value in the ordinary sense, but should instead discount those values based solely on pastoral farming use.

This decision would not have a material impact on the current financial statements, as LINZ does not currently use the disputed valuation methodology for asset valuations purposes.

The Crown is appealing the decision, seeking clarification of the meaning of capital value. The Crown is aiming to receive a clear direction as to the proper interpretation of the relevant statutory provisions, so that it can, where appropriate, be applied to the other cases presently before the LVT and to other valuations of pastoral leases in future.

LINZ INFORMATION >

LEGISLATION LINZ ADMINISTERS>

Legislation administered by LINZ:

- Cadastral Survey Act 2002
- Crown Grants Act 1908
- Crown Pastoral Land Act 1998
- Deeds Registration Act 1908*
- Hunter Gift for the Settlement of Discharged Soldiers Act 1921
- Land Act 1948
- Land Transfer Act 1952*
- Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002
- New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 (came into force 1 November 2008)
- Public Works Act 1981, Part II – VI, and Part VIII
- Rating Valuations Act 1998
- Reserves and Other Lands Disposal Acts
- Unit Titles Act 1972*
- Valuation Department (Restructuring) Act 1998
- Valuers Act 1948

(* Administered jointly with the Ministry of Justice).

LINZ has a number of statutory officers with functions under the Acts administered by the Department:

- Commissioner of Crown Lands
- Registrar-General of Land
- Surveyor-General
- Valuer-General.

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. The Surveyor-General is the Chairperson of the New Zealand Geographic Board and the Valuer-General is the Chairperson of 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 (in relation to Crown forest licences)
- Crown Minerals Act 1991 (in relation 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)
- New Zealand Railways Corporation Act 1981 (relating to disposal of land)
- Overseas Investment Act 2005 (the Chief Executive of LINZ is the 'regulator')
- 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>

LAND ACT 1948

The following table details information required under section 181 of the Land Act 1948 for the year ended 30 June 2009.

	Details	No.	Total 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	0	—	—	—
1(b)	Areas of land purchased by the Office of Treaty Settlements under section 40, Land Act 1948*	2	11,3654	5,026	—
2	Leases and licences granted during the year	120	360,599	—	184
3	Leases and licences current at the end of the year	655	1,747,583	—	3,303

* These purchases were funded from Vote: Treaty Negotiations.

APPENDIX >

NEW ZEALAND GEOGRAPHIC BOARD – SUMMARY OF ANNUAL REPORT>

The New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 came into force on 1 November 2008. Under the Act, the Board is required to report annually to the Minister for Land Information, and publish a summary in the Land Information New Zealand (LINZ) Annual Report. The Board's first report, summarised on this page, covers the period 1 November 2008 to 30 June 2009.

ABOUT THE BOARD'S WORK

The New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) is a statutory body responsible for official place naming in New Zealand, its territorial waters and offshore islands, undersea features of its continental shelf, and the Ross Sea region of Antarctica. 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. 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 NEW ACT

The passage of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 was a significant milestone that modernised the processes and strengthened the Board's role, enabling it to create new names, change or discontinue current ones, and approve recorded names.

A number of tasks were carried out by the Board secretariat to implement the new legislation. All place name decisions being processed under the 1946 New Zealand Geographic Board Act were completed by 1 November 2008.

An interim gazetteer of official geographic names was created for New Zealand, Offshore Islands, Railway, Antarctic and Crown Protected Area names, and made available to the public on the LINZ website. Work on a more comprehensive and integrated gazetteer began, with this project due to be completed in late-2010.

PLACE NAME PROPOSALS

The Board considered 73 place names under the 2008 Act. Of these, 27 were publicly notified for public submissions, 22 were deferred (in most cases while further information was sought), one was approved and 10 were declined. Four amendments were made to previously Gazetted place names, advice was provided to the Office of Treaty Settlements on six names being proposed for Treaty of Waitangi settlements, one proposal was withdrawn, and two were noted by the Board and no further action taken.

Several significant proposals put to the Board generated high public interest. The Board agreed with a proposal to alter the spelling of Wanganui city to 'Whanganui'. A three-month public consultation was initiated in May 2009, with the public asked to make submissions for or against the proposal. The Board was to consider submissions in September 2009.

The Board also continued its consideration of another significant naming proposal to assign alternative Māori names for New Zealand's North and South islands alongside the currently used names, North Island and South Island. Feedback from iwi is sought by the end of 2009 on known traditional Māori names for the islands. A decision by the Board will be made in 2010, followed by an extended period of public consultation on the proposed alternative Māori names, when submissions will be sought.

A number of suggestions were made to name features after the late Sir Edmund Hillary. These are on hold because it is Board practice, in line with international practice, to wait a minimum of two years after a death as a measure of respect and to allow people sufficient time to make their proposals.

OTHER ACTIVITIES

- Interim standards setting out requirements for place naming for Crown protected areas and undersea features were published.
- Consideration was given to work required on full standards for New Zealand and Antarctic place naming, as well as a code of practice for suburb and locality naming.
- The Board's 1990 oral history atlas was reprinted, and also published on the LINZ website.
- Work began on producing a revised place names protocol.

The full report of the Board is available on the LINZ website: www.linz.govt.nz/nzgb-annual-report-0809



