

Annual Report 2012>2013



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 2013.



Peter Mersi

Chief Executive
Land Information New Zealand

This information can be found at:
<http://www.linz.govt.nz/annual-report-2013>

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Chief Executive's overview

It is my privilege to present Land Information New Zealand's Annual Report for 2012/13. It has been a successful year for LINZ. We have delivered our core products and services to a high standard, expanded our services while controlling costs, and made progress on key longer-term strategic initiatives. In particular, I am proud of the progress we have made stepping up to a bolder leadership and coordination role in the key sectors we are involved in.

We successfully progressed the Minister for Land Information's priorities for LINZ that were in place at the start of 2012/13: delivering available, accessible and useable location-based information and infrastructure to New Zealanders; supporting the Canterbury rebuild; contributing to the Treaty of Waitangi settlements process; and implementing the earning capacity rent policy in the South Island High Country. We have also been working towards two new priorities established during the year: Better Property Services – exploring better integration of central and local government property functions and services; and establishing a Crown Land Centre of Expertise, leveraging LINZ's existing experience and expertise to lift capability and increase efficiency in Crown land management.

Progressing these priorities has required LINZ to work more effectively with other government agencies, the private sector and our broad range of customers, stakeholders and partners. This year we have strengthened our understanding of our customers and stakeholders and their needs. Developing our Business with Māori Strategy – He Whāriki Maurua – has been one key initiative in this regard.

We have also worked on deepening our understanding of LINZ's long-term role and contribution, and positioning ourselves for the future. Much of LINZ's work is infrastructural in nature, and requires long-term time horizons and careful planning and investment decisions. Towards the end of the year, we commenced work on establishing a robust '10-year view' to ensure we continue to provide the best value to New Zealand, and can take advantage of future opportunities and meet emerging challenges.

Helping us with our strategic thinking has been a Performance Improvement Framework (PIF) review. We were heartened by the overall positive view of the health of LINZ that emerged from the PIF review. This gives us confidence that we have a good platform for growing our role as a strategic leader, while continuing to deliver our expert technical services. We have received additional external recognition for the quality of our work this year, winning prestigious awards for the LINZ Data Service and our organisational development work.

LINZ has also had a good year financially. We have realised efficiencies and savings through service delivery improvements and participation in all-of-government procurement initiatives. As a result, we achieved forecast savings in a range of areas. We have also repaid almost all of the \$37.5 million government capital injection from previous years, made necessary by a reduction in revenue following the downturn in property markets and subsequent decrease in survey and title transactions during the global financial crisis.

Finally, I'd like to thank LINZ's people for their expertise, commitment and hard work over the year, which have made all of these achievements possible. It was really satisfying to see LINZ achieve the highest Gallup engagement rating for a public sector organisation in New Zealand. This reflects our organisational focus, over several years, on ensuring LINZ is a great place to work, with a great team of people making a big difference for New Zealand.

LINZ is a diverse organisation and I have only touched on a few highlights from 2012/13. I encourage you to read this Annual Report and gain an insight into the fascinating array of work we undertake, and the contribution we make to New Zealand. This story starts with a summary of our achievements on the next two pages.



Peter Mersi
Chief Executive
Land Information New Zealand

Key achievements in 2012/13

1 Maintaining the integrity of New Zealand's property rights system – now and in the future

We continue to deliver a world-leading survey and title service. New Zealand is rated number two in the world for 'ease of registering property'. This year we worked on future options for the survey and title system to maintain this high level of service. Through our Enhancing the Customer Experience initiative, we worked hard to get closer to our customers, including engaging more regularly with law and survey firms. We implemented new processes to ensure customers can speak directly to our experts. This is reflected in positive customer satisfaction results. We also initiated cross-agency work intended to create a single point of access to a range of government and local government property and building information and services.

REFER TO
PAGE 7

2 Leading the drive for better re-use of location-based information

LINZ (and the New Zealand Geospatial Office based within LINZ) made some significant steps in overcoming barriers to, and realising benefits from, effective re-use of location-based information. We are leading eight projects that will develop and create elements of a spatial data infrastructure in the Canterbury region, to accelerate and support decision-making in the rebuild. In addition, we have demonstrated strong leadership through taking on stewardship of five fundamental data themes to ensure New Zealand derives the greatest value from the effective management of high-value location-based data and information.

REFER TO
PAGE 10

3 Leading excellent Crown land management

Building upon our experience as a manager and regulator of Crown land, LINZ has established the Crown Land Centre of Expertise. This initiative will lift the overall quality of Crown land management, and release resources in other government agencies where Crown land is not core business. This year we signed memorandums of understanding with the Canterbury Earthquake Recovery Authority (CERA), to help manage Christchurch red-zone land, and the Department of Corrections, to dispose of closed prisons.

REFER TO
PAGE 18

4 Implementing a simpler, fairer rents system for High Country pastoral leases

A big step forward in managing Crown land was the introduction of the new earning-capacity rent-setting system for pastoral leases. This system greatly simplified the rent-setting process and reduced the number of disputes. Since the introduction of the new rent system, 127 of the 143 pastoral lease rent disputes that were before the Valuation Tribunal have been settled. This new system gives greater certainty for leaseholders to invest in their business – leading to economic gains for New Zealand.

REFER TO
PAGE 17-18

5 Supporting the rebuild of Canterbury

LINZ has substantially completed rebuilding the geodetic survey control network in Canterbury. We have completed all of the surveys, and the final changes to the geodetic and survey and title systems are expected by December 2013. The geodetic system is crucial to enabling the rebuild work to progress. LINZ has also been working closely with affected councils in Canterbury to complete their rating revaluations. These revaluations will provide the councils with more funding stability and greater transparency, and ensure confidence in the system.

REFER TO
PAGE 21

6 Supporting the Treaty of Waitangi claims settlement process and working more effectively with Māori

We continued to effectively support the work of settling Treaty claims, particularly through our work with the Office of Treaty Settlements. This year we prioritised our resources so that we could meet the increased volumes of work received from the Office of Treaty Settlements.

LINZ developed and launched a LINZ Business with Māori Strategy, He Whāriki Maurua, to bring more focus and direction across LINZ to our work with Māori. This strategy has a particular focus on unlocking greater economic benefits from Māori land. We have also established a Māori Advisory Board to help guide and inform the work being undertaken by LINZ to implement the strategy.

REFER TO
PAGE 19

7 Becoming an even better place to work

During the year, LINZ received strong evidence of the effectiveness of its people development strategy. We increased staff engagement from 3.88 in 2011 to 4.16 in 2012, as measured by Gallup, placing LINZ as the most engaged public sector organisation in New Zealand. This helps us to maintain our high levels of productivity, and retain and recruit the talent we need to continue to provide value for New Zealand.

REFER TO
PAGE 22





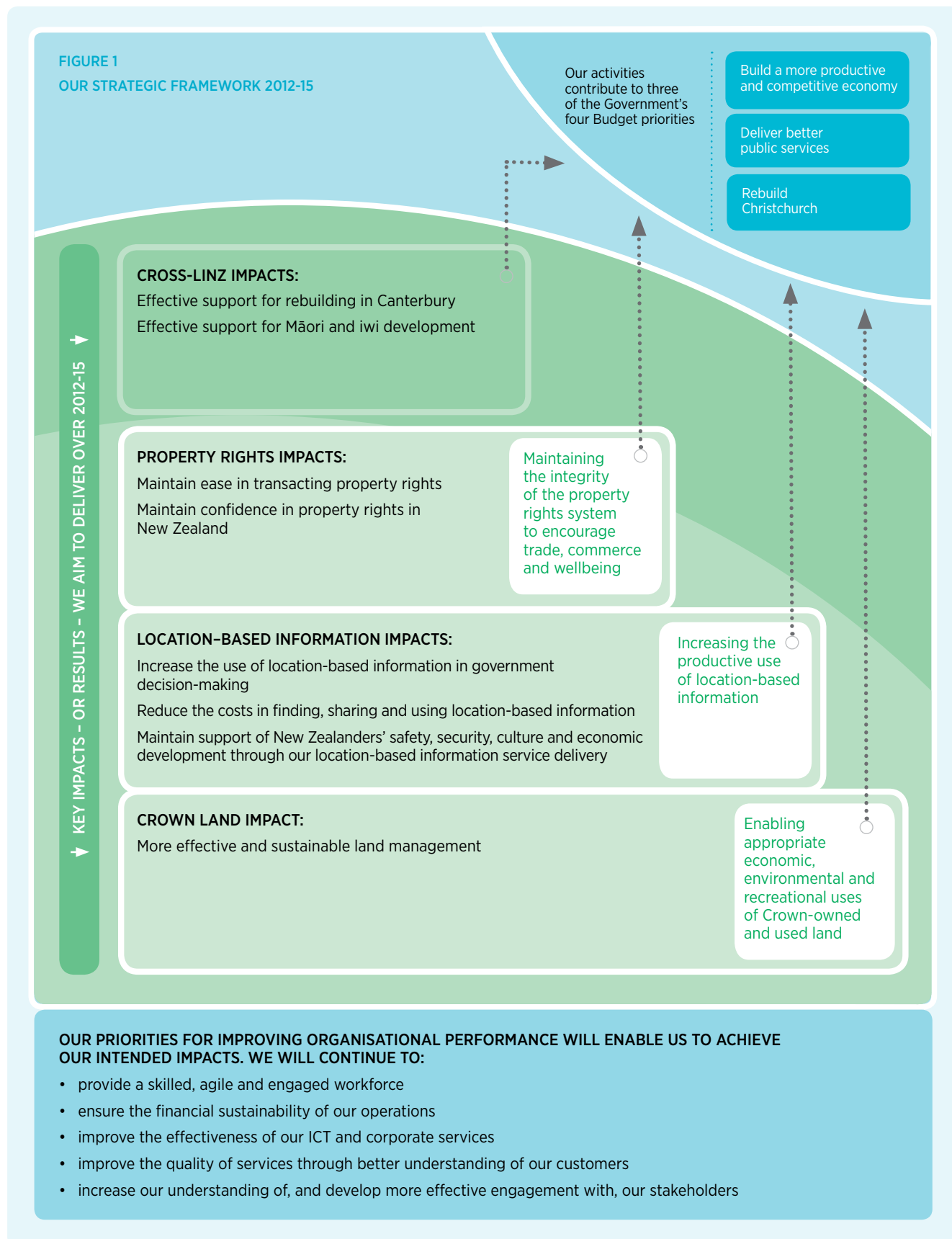
The year in review

This section provides an overview of our performance in 2012/13. It reports our achievements in line with the intentions we signalled in our Statement of Intent 2012-15. The review is structured around our three outcomes and also reports on our progress in improving our organisational performance.

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Our strategic framework

Figure 1 below shows the strategic framework from our 2012-15 Statement of Intent, which guided our activities during the period covered by this Annual Report.



Property rights

Outcome: Maintaining the integrity of the property rights system to encourage trade, commerce and wellbeing

Overview

New Zealand has one of the most efficient and robust property rights systems in the world for surveying, measuring and maintaining an official record of land boundaries, and for registering property titles. In New Zealand it is straightforward to register property, and to buy and sell land and buildings. Challenges and disputes over land boundaries or ownership are rare by international standards.

A well-functioning property rights system underpins our economic activity and growth. Title to land is readily accepted by financial institutions as security for mortgages or to secure loans for business investment (particularly crucial for small-medium businesses, entrepreneurs and start-ups). A robust property rights system also has wider social benefits in increasing certainty and security, and reducing conflict and litigation.

Our role and impacts

LINZ is central to the administration and ongoing development of New Zealand's system of property rights and property rights transactions. We administer the survey and title system which forms the basis of New Zealand's land property rights market. The effectiveness of this system is a competitive advantage for New Zealand.

We help ensure confidence in property rights through the delivery of a world-leading system that facilitates the sale, purchase and development of property at a reasonable cost.

Our other property rights-related roles include:

- regulating property valuation for both the private sector and local government
- managing property rights related to reclaimed marine and coastal land
- administering New Zealand's overseas investment legislation.

This section reports on our progress against two closely interlinked impacts:

- maintain ease in transacting property rights
- maintain confidence in property rights in New Zealand.

Facilitating cost-effective and secure transactions

New Zealand continues to rank very highly as a place to transact land: this year we placed second (up from third last year) out of 185 countries for ease of registering property in the World Bank's Doing Business Survey.

Central to this is LINZ's Landonline system.

Landonline provides land professionals with secure online access to the New Zealand titles register and digital cadastre, maintained by LINZ. Landonline enables registered users to conduct secure electronic survey and title transactions in real time, automating and speeding up traditional manual processes. To ensure the integrity of the titles register and digital cadastre is maintained at all times, its survey and title lodgement and registration functions can only be accessed by authenticated, registered users. More than 500,000 transactions were registered online in 2012/13 and more than 3 million searches for information were conducted.

LINZ is working to ensure its land transaction (survey and title) system will meet the future needs of New Zealanders. LINZ has a project underway to examine the future of Landonline within a wider scope of delivery options for the survey and title business.

During 2012/13, in consultation with stakeholders, scoping of the project was completed, a long-list of options developed, then a short-list of options agreed upon. In the final months of 2012/13, LINZ began developing an indicative business case on potential changes for Cabinet consideration in 2013/14.

During 2012/13 we also undertook a programme of work to enhance the overall customer experience for our survey and title services. This built on improvements made in the previous 12 months. The initiative has involved streamlining our customer contact processes, increasing the capability of our staff and holding regular forums and discussions with our customers. Through our Enhancing the Customer Experience initiative we have worked hard to get closer to our customers and are progressively looking at how we can refine our processes to improve service levels. We are engaging more regularly with law and survey firms, and implemented new processes to ensure our customers can speak directly to one of our expert advisors. We also introduced information sessions with the Property Law section of the New Zealand Law Society, and LINZ representatives regularly attend New Zealand Institute of Surveyors branch meetings.

Positioning property rights to deliver a broader impact – the Better Property Services initiative

Currently, finding information for undertaking property transactions and developing land requires accessing information and services from several different agencies (or areas within agencies).

Building on consultation and research in the previous financial year, LINZ has established a Better Property Services initiative. Working with stakeholders, LINZ is exploring better integration of central and local government property ownership, consenting and information services. The aim is a future where anyone seeking to buy, sell, build, renovate, develop or live on a property can access the information and transactions they need via one seamless customer experience. This will be based on integrated, up-to-date digital and location-based information.

To further this Better Property Services vision, LINZ has worked closely with the Ministry of Business, Innovation and Employment on the proposed National Online Consenting System for building consents.



The Minister for Land Information has identified this area as a priority for LINZ.

Effective regulation of property rights

RATING REVALUATION

A key way we effectively regulate property rights is through mitigating the significant risks affecting homebuyers or sellers, ratepayers, businesses and the Crown. A priority for LINZ this year has been completing the rating revaluation of Canterbury. We have worked with affected councils (particularly Christchurch City Council and Waimakariri District Council) on the timing of rating revaluations and rates charging. The solutions reached should provide more funding stability for councils, and greater transparency and confidence in the system.

During 2012/13, LINZ commissioned an external evaluation of the effectiveness of the Rating Valuations Regulatory Framework against its original objectives, and to assess its fitness for new and emerging purposes. The evaluation was completed in June 2013 and confirmed that effective regulatory processes are in place. This was further confirmed by the low level of objection to decisions (under 2%) during 2012/13.

We are also working to improve first-time compliance by conveyancing and survey customers using the property transaction system. In 2012/13, we focused on improvements from the small minority of businesses with ongoing patterns of non-compliance for high-risk transactions.

LEGISLATION AND REGULATION

LINZ has been working on two significant pieces of legislation – the Land Transfer Bill and the Public Works Act 1981.

Good progress has been made drafting the Land Transfer Bill which clarifies, consolidates and modernises the existing three land transfer pieces of legislation into one modern, comprehensive piece of legislation. The Bill is on track for introduction to Parliament in 2014.

The second major piece of legislative work we have been involved in is developing proposals to improve the Public Works Act 1981. These are intended to be included in the 2013 Resource Management Reform Bill.

The Registrar-General of Land published registration guidelines for six legislated Treaty settlements in 2012/13. These will assist LINZ's future Treaty settlement work. LINZ has also worked with the Māori Land Court to develop options for electronic registration of Māori Land Court Orders.

The Surveyor-General of Land provided a draft *Guideline on aspects of survey requirements applicable to Māori land surveys* to the Māori Land Court for consideration. This work will enable the Court to undertake improved decision-making.

POLICY SUPPORT

LINZ reviewed and provided advice on a range of land policy and transaction matters for other agencies. This included:

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

Increased effectiveness in managing the overseas investment regime

The work of the Overseas Investment Office (OIO) in LINZ contributes to the Government's aim of achieving a balance between ensuring that New Zealand's sensitive assets are adequately protected and facilitating overseas investment to provide benefits to the country. Given the public importance attached to its work, the OIO continued to focus on high-quality analysis of applications for consent from overseas investors. As detailed in the Statement of Service Performance section on page 48, the OIO handled its workload efficiently and effectively.

The OIO undertook a number of initiatives to ensure the ongoing provision of high-quality and timely decision-making. These included weekly workshops to ensure consistent understanding and application of the statutory criteria.

Summary – Key indicators of progress

The table below summarises progress on the key indicators for this outcome identified in our 2012-15 Statement of Intent. The Statement of Service Performance provides further detail on performance against output level performance targets and discussion of activities this year.

INDICATOR	PROGRESS/COMMENT
Maintaining New Zealand's top global ranking for ease of registering property	New Zealand improved its rating for 'ease of registering property' in the World Bank 2013 Doing Business Survey to second from third in 2012. Survey and conveyancing customers continue to have high levels of satisfaction with our online service – 3.48 out of 5 in 2012/13.
Continued low levels of legal challenge	No upheld High Court challenges under section 216 of the Land Transfer Act 1952 this year and none in the previous three years.
Continued low levels of objections to rating revaluations	There continued to be a low level (<2%) of ratepayer objections to territorial authority rating revaluations. 86.1% of those ratepayer objections were settled within 30% of the original valuation (comparable to previous years).
Continued minimised regulatory compliance burden on business	We maintain a low number of regulatory documents and received no upheld complaints on our regulatory interventions this year. In a Treasury best practice review of 55 government agency regulatory regimes, we received the highest possible rating ¹ .
Continued delivery of robust overseas investment decision-making and enforcement of conditions	We continued to provide: high-quality and timely decision-making; improved post-decision monitoring of conditions of consent; and improved investigation of suspected breaches of the Overseas Investment Act 2005 (see page 48 for details).
Increased cost-effectiveness in administering property rights	We maintained cost-effective transactions, accurate processing and low compensation pay-outs for errors. See Figure 2 below. New Zealand ranks well against other countries in terms of providing a low-cost, simple and timely service for registering property rights.

Figure 2: Land titles compensation claims

This table illustrates the number of claims settled under the compensation provisions of the Land Transfer Act². It shows an ongoing low number of claims lodged and payments made compared with the total number of transactions we processed this year and the overall investment New Zealanders have in property rights³.

Item	2012/13	2011/12	2010/11
Approximate costs of administering and regulating the land titles register	\$31m	\$30m	\$28m
Number of transactions processed	608k	544k	496k
Number of current compensation claims administered	11	13	10
Compensation paid out for current claims	\$11K	\$11k	\$12k
Legal fees paid out to the Crown Law Office for current claims	\$11K	\$6k	\$12k

1 The Best Practice Regulation Model: Principles and Assessments, July 2012, is available at www.treasury.govt.nz

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

3 A greater number of claims arises annually due to historic errors in the titles register or documents mislaid or lost in the period when the system consisted of paper records. These claims are not included in the table.

Location-based information

Outcome: Increasing the productive use of location-based information⁴

Overview

Location-based information is crucial to economic growth, cultural development, and safety and security. There has been rapid growth in recent years in the volume, accuracy and availability of location-based data, and the ability to process, use and re-use it. This is leading to new applications, yielding economic and social benefits.

However, barriers still persist to realising the full potential of location-based information for New Zealand⁵. Key barriers include difficulties with knowing what information exists and where, access issues (including costs) and poor compatibility between different sets of data.



The Minister for Land Information has made it a priority for LINZ to lead all-of-government efforts to unlock these

greater economic benefits. A central goal for overcoming these barriers is the development of an effective national Spatial Data Infrastructure⁶.

Our role and impacts

LINZ leads and coordinates effort across government and the private sector, to improve location-based information, and increase its use and re-use. Leadership of the New Zealand Geospatial Strategy is through the New Zealand Geospatial Office (NZGO) within LINZ, which is governed by the cross-sector Geospatial Executives Group. LINZ's expertise, experience and resources make it ideally placed to fulfil this leadership and coordination role.

We create, manage and distribute significant and fundamental location-based information. Information we cover includes positioning, elevation and depth, addresses, imagery, and cadastral and property. Through a LINZ-based secretariat we support the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa in its responsibilities for official place names.

This section reports on our contribution towards three closely linked impacts:

- increase the use of location-based information in government decision-making
- reduce the costs in finding, sharing and using location-based information
- maintain support of New Zealanders' safety, security, culture and economic development through our location-based information service delivery.

The achievements and activities reported on below contribute to all three impacts.

LOCATION-BASED INFORMATION SUPPORTING DECISION-MAKING IN CANTERBURY AND AUCKLAND

LINZ has been coordinating the repair of Canterbury's positioning and survey control infrastructure. This infrastructure – and the new data being gathered on earth movements – is needed for the design and repair of essential services and assessment of natural hazards in Canterbury. It is also needed for re-establishment of property boundaries so that landowners' interests are protected.

LINZ completed the re-survey of the Canterbury survey control network on schedule, and provisional geodetic coordinates were available by 30 June 2013. The final update of geodetic records and the digital cadastre is on track to be completed by the end of December 2013.

We are leading a programme of work to implement elements of a spatial data infrastructure in the Canterbury region. This programme consists of eight interrelated projects. Figure 3 on the opposite page shows the eight projects and describes their contribution to improving location-based information in Canterbury and supporting the Canterbury rebuild. These projects have the associated benefit of providing a working model to aid development of a national Spatial Data Infrastructure.

During 2012/13 NZGO identified the specific projects needed, scoped them, secured government funding, established a programme office to coordinate activities, commenced work on the projects, and undertook a series of substantial procurement processes. Once the projects are sufficiently progressed, we will undertake an evaluation to draw out lessons learned in a systematic way for use in further spatial data infrastructure development work.

We played a key role in facilitating sharing of geospatial information between the Auckland Council and central government agencies in the development of the Auckland Unitary Plan. We also provided input into a *Lessons Learned Report* for the Auckland Spatial Plan on the value of geospatial information in evidence-based planning and decision-making.

⁴ Location-based information is the data and information that identifies physical locations or features on, above or below the earth's surface. It is also known as geospatial or spatial information.

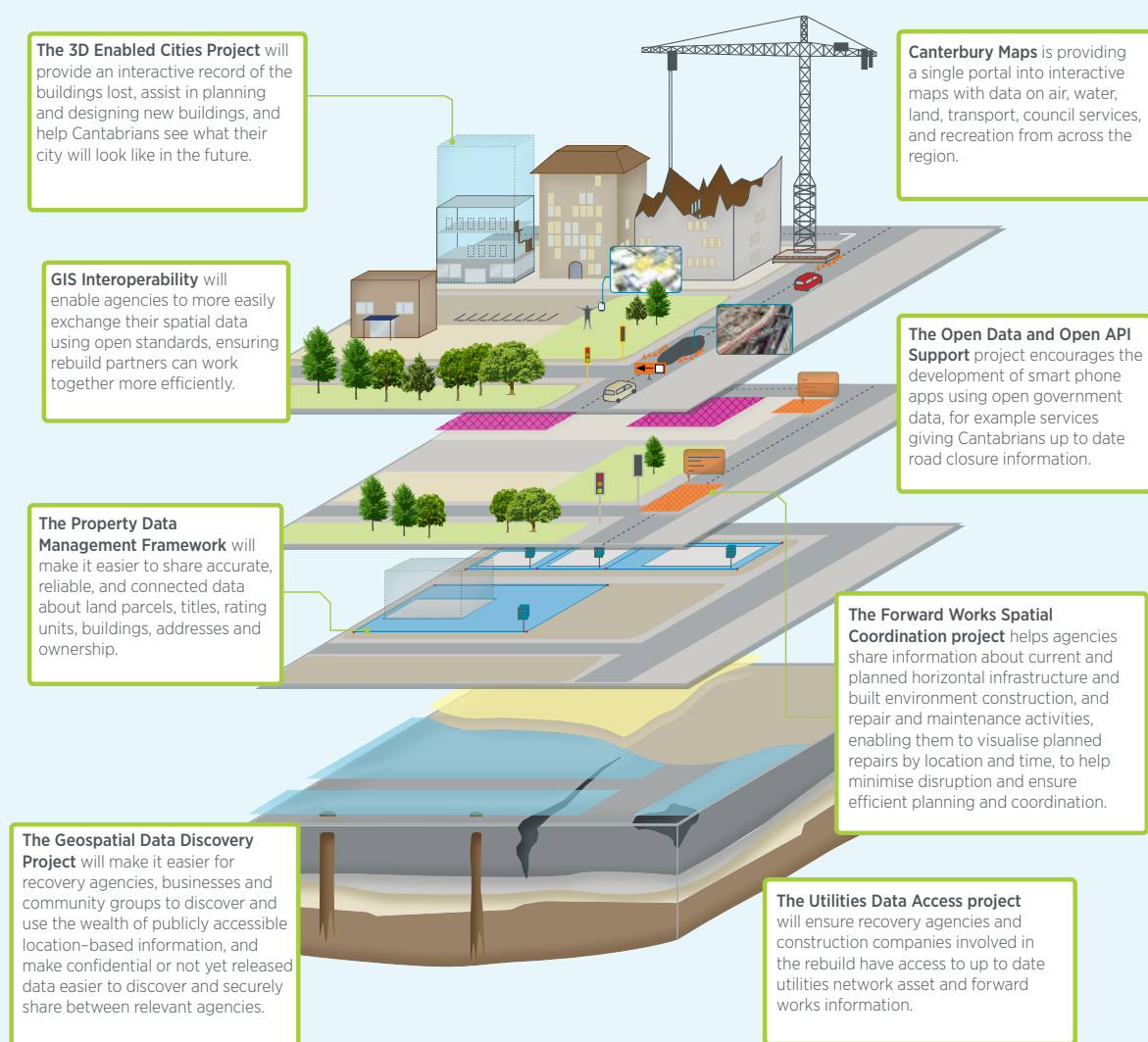
⁵ A 2009 study identified the potential to generate an estimated additional economic benefit each year from improved use of location-based information (ACIL Tasman: Spatial Information in the New Zealand economy).

⁶ An effective spatial data infrastructure consists of capability and assets (e.g. software, data), supported by protocols and agreements to facilitate well-coordinated and effective development, sharing and use of location-based information.

Figure 3: Canterbury spatial data infrastructure programme

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

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



INCREASING RE-USE OF GOVERNMENT LOCATION-BASED INFORMATION

Investment in fundamental data

Nationally, the NZGO is driving change in the way that government agencies invest in, use and share location-based information. During 2012/13, the NZGO, working with stakeholders, developed the Stewards and Custodians Framework. This framework identifies high-value fundamental data themes and assigns responsibility for their future development and management. Having this robust framework in place will underpin the future sustainable development of these key data themes and a national Spatial Data Infrastructure.

Fundamental data themes are the most regularly and widely used location-based information resources that are critical to economic, cultural and social development. Investing in the ongoing creation and development of fundamental data and the systems supporting it is at the heart of creating an effective New Zealand Spatial Data Infrastructure. Figure 4 on the opposite page describes these fundamental data themes in more detail and illustrates their interrelationship.

As at 30 June 2013, LINZ had taken on formal stewardship of five fundamental data themes⁷. NZGO is continuing to work with agencies to increase coverage and effectiveness through effective management of this high-value data.

During 2012/13 the NZGO also:

- ensured that geospatial content material is reflected in new government infrastructure procurement rules so that agencies are considering spatial data infrastructure principles in their procurement activities
- advised on and participated in significant data infrastructure procurement activities
- reviewed government spatial plans and strategies
- established a community sector forum to grow sector capability, and
- worked with the sector to increase awareness and use of standards and tools.

LINZ DATA SERVICE – PROVIDING QUICK, EASY, FREE ACCESS TO RE-USEABLE LOCATION-BASED INFORMATION

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

During 2012/13 LINZ, drawing on user feedback, has continued to add to the datasets available on the LINZ Data Service, implemented new features and improved the overall functionality of the service (see page 41 for detail). Since its introduction, the value of the LINZ Data Service has been proven by rapid growth in user numbers and download volumes. Satisfaction levels and user engagement have been high (see page 16).

Evidence of the success of the LINZ Data Service has also come through recognition in industry awards. At the November 2012 Asia Pacific Spatial Excellence Awards, we won both the Spatial Enablement category and the highest honour available – the JK Barrie Award for Overall Excellence. LINZ was also runner-up at the Australia and New Zealand Internet Awards in October 2012 in the Information category.

There are several examples where the LINZ Data Service has been used to innovate and increase value. These include uses by small businesses and innovators, larger businesses and government agencies – Figure 5 on page 14 illustrates some of these uses.

Imagery

Another significant achievement for the year was developing a National Imagery Coordination Programme. LINZ has the role of Steward for Imagery (e.g. aerial and satellite images), one of the fundamental data themes identified by NZGO. Attention has focused on overcoming two significant issues affecting imagery data and limiting innovation and economic benefit:

- uncoordinated imagery purchases duplicating costs and creating dataset inconsistencies, gaps and overlaps, and
- an inability for users and potential users to find and re-use imagery data.

Through the National Imagery Coordination Programme we are coordinating a national approach for improving procurement and opening up access to imagery data. During 2012/13, LINZ worked with local government, central government and the private sector to coordinate new imagery acquisition projects and promote full open access to nationally significant imagery data. This has included developing recommended imagery standards to ensure imagery datasets are procured to common specifications.

Since beginning this work, LINZ has assisted in opening up access to the 'most current' public aerial imagery of New Zealand from 6% geographic coverage to over 85% as at 30 June 2013.

⁷ The data themes are positioning, cadastral and property, addresses, imagery, and elevation and depth.

Figure 4: Fundamental data themes

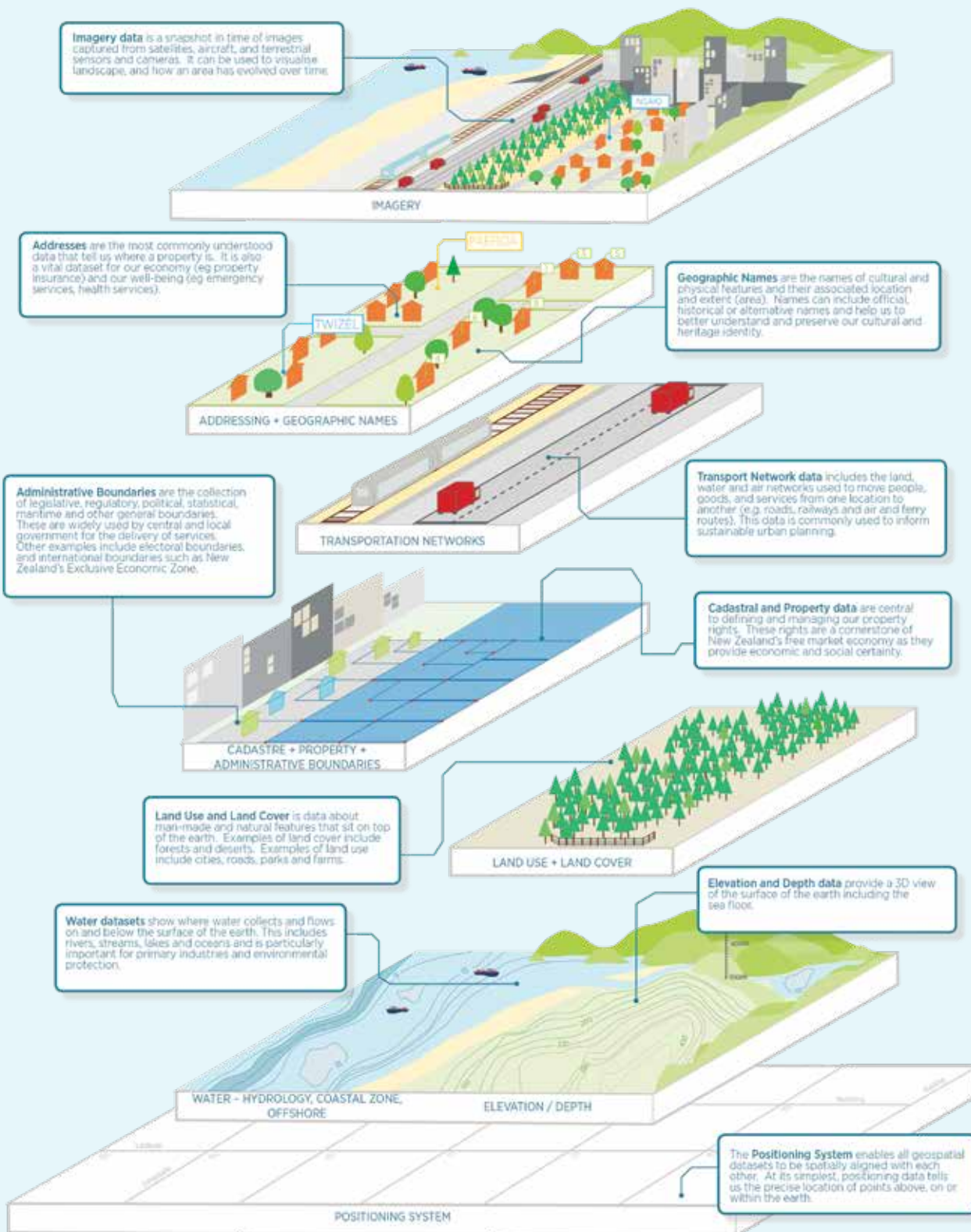


Figure 5

LINZ DATA SERVICE – ADDING VALUE AND SUPPORTING INNOVATION AND RE-USE OF DATA

LINZ has been following up with users of the LINZ Data Service to find out how they are using the service, and how they would like to see it improve and develop. Some highlights are covered below, with full case studies available on our website at www.linz.govt.nz.

Wellington's online map-viewer	A 'one stop shop' online map viewer from the Greater Wellington Regional Council keeps residents up to date on property, services and recreational information. This viewer allows residents to overlay a range of Wellington-specific property, services and recreational information on top of bird's-eye-view maps, using land boundary, street address and road centreline data from the LINZ Data Service. A monthly automatic update of this data has been built into the viewer to keep property owners up with the latest developments. Frequent updates are possible because LINZ Data Service data is freely available for use and re-use through Creative Commons licensing under the Government's open data policy.
Carbon forestry	The Emissions Trading Scheme (ETS) is a price-based mechanism for reducing emissions of greenhouse gasses, enabling farm foresters to claim credits in recognition of forestry's carbon contribution. Foresters make their ETS transactions online using a geospatial-enabled portal. The portal was previously reliant on matching data between the foresters and the Ministry for Primary Industries. When data was mismatched the transactions failed and had to be reprocessed. By using free data from the LINZ Data Service the foresters can now base their calculations on the same data as is being used for the portal. This has led to a significant increase in successful transactions and faster turnaround of applications. The LINZ Data Service has delivered cost savings and improved control over data quality.
Navman GPS	Navman is a leading designer and manufacturer of global positioning system (GPS) technology. Many Australian-purchased Navman GPS receivers have been preloaded with the latest New Zealand topographic maps, off-road tracks and other information from the LINZ Data Service. These are useful for Australian visitors to New Zealand camping, hiking, geocaching and hunting. Navman has received positive customer feedback about these features. The LINZ Data Service has become a business tool for Navman's staff in their marketing, sales and product development of Magellan eXplorist receivers. It is the company's service of choice because it offers a free licence and provides comprehensive map data, easily integrated into the Magellan platform.
Rural Evaluation (REV)TM online tool	Dunedin-based Resiliency Insights Limited uses the LINZ Data Service as the basis for custom-designed maps in its Rural Evaluation (REV) TM online tool. REV reports pull together a broad range of legal, planning, soil, land and climate information from LINZ and other open sources including Landcare Research and NIWA, into customised maps. Landowners, investors, and rural professionals such as real estate agents and farm advisors can use this tool to help with land-use planning and decision-making. Presenting the information visually makes it easy to understand and use. REV is automatically updated each week from the LINZ Data Service so it can provide the latest data possible. REV is an excellent example of data re-use to innovate and create new value and opportunities.

Other progress in improving location-based information

LINZ has undertaken a wide range of work in 2012/13 related to improving various aspects of location-based information, for example accuracy and coverage, and the efficiency of generation and distribution of data. Some of our other significant areas of location-based information work are covered in Figure 6, which follows.

Figure 6

AREA	ACTIVITIES AND ACHIEVEMENTS
Vertical datum	We commenced a project to improve the level of accuracy of New Zealand's vertical datum over a 4-5 year period. An updated vertical datum (which provides a consistent vertical reference frame) will improve New Zealand's ability to recover from future disaster events.
Gazetteer of Official Place Names⁸	In 2012/13 we put the Gazetteer online to make it more accessible and the data it contains more useful and re-useable. The new online Gazetteer includes an interactive map that users can zoom into, pan around and use to download data. The Gazetteer is also accessible through the LINZ Data Service.
Cadastral and title data	We have improved data quality in customer priority areas. These improvements involved linking title records with spatial parcels making it easier to search for and map the location of property rights and/or find property rights on a map. We achieved our two targets for this work, which were to have 90% of 'live' title records linked to spatial parcels, and 50.5% of the cadastre having boundary points with survey-accurate coordinates.
Topographic	We completed the first two stages of a major review of topographic data and mapping. Stage one was a current state report and stage two was on future user requirements. The next stage is developing a 10-year vision and plan for national topographic data and mapping in New Zealand.
Geodetic data Global Navigation Satellite System (GNSS)	We commenced improvements to the delivery of geodetic data to customers through the GNSS. Part of this work involved improving New Zealand's connection to the proposed International Terrestrial Reference Frame 2013. This will in turn improve the quality of available geodetic information. We are also working with Otago University to develop a GNSS online processing coordination service. When completed in 2013/14, this service will allow people to submit their own data to GNSS to produce more accurate coordinates for their use.
Hydrographic data infrastructure	During 2012/13 we continued to transition to a modern digital infrastructure for hydrographic data, products and services, and New Zealand remains well positioned to fulfil our international obligations and provide the services used by international shipping. We also implemented plans to increase value for money in our survey programme and delivery of chart and map products. These changes mean we will achieve an annual cost-efficiency of \$2.95 million from 2014/15 onwards.
South-West Pacific Maritime Safety Programme	We are working with the Ministry of Foreign Affairs and Trade to improve charting in the South-West Pacific. This in turn will improve maritime safety and support the expansion of the cruise ship industry. Key results include the publication of 31 electronic navigation charts for Samoa, Tonga, Tokelau and Niue. Using Vanuatu as a pilot, we have also developed a new innovative hydrographic risk assessment methodology.
Digital elevation and bathymetry	We have deferred the scoping work on the Digital Elevation Model and Bathymetry indicated in the 2012/13 Statement of Intent pending further work on an investment framework.
Addressing data	During the year we worked with territorial authorities to streamline the processing and delivery of quality data to LINZ. As a result of the Canterbury earthquakes, we have worked with Statistics New Zealand to rationalise our processes. LINZ now takes full responsibility for the national maintenance of addresses. Through the rationalisation of processes we have identified a significant amount of missing address data, which we are actively working with territorial authorities to resolve.

OPEN GOVERNMENT DATA AND INFORMATION PROGRAMME

LINZ also plays a wider role in improving access to government data, beyond just location-based information. Through the Open Government Data Secretariat, LINZ leads the New Zealand Open Government Data and Information Programme. The secretariat works with all public sector agencies on actively releasing their high-value public data for re-use⁹.

During 2012/13 LINZ led exploration of whether it was feasible to leverage off the LINZ Data Service to create an all-of-government Open Data Service (ODS). While there is a high level of support for the concept, the complexities faced by each agency mean that a single, multi-agency ODS approach is not practical at present. LINZ is now progressing working with individual agencies on releasing data using the LINZ Data Service.

In 2012/13, we began a pilot with the Ministry for the Environment to use the LINZ Data Service infrastructure for the storage and distribution of its data. Following the pilot we will look at expanding this use and similar initiatives.

Indicating good progress on improving access to government data, the 2013 *Report on Agency Adoption of the Declaration on Open and Transparent Government* showed that 84% of core government agencies include adoption of the Declaration in their business plans or are planning to do so next year. Agencies were surveyed on progress made over the past year in adopting the Declaration. Results showed that Data Champions at all agencies had made excellent progress in embedding the legal framework for releasing data (NZGOAL) and in releasing high-value public data for re-use.

⁸ The Gazetteer is a list of official names (and their location) developed under the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008. The Act requires the NZGB, an independent statutory body administered by LINZ, to name geographic features and places in New Zealand (including the continental shelf) and the Ross Sea.

⁹ This programme delivers the Government's broader open data priorities and supports Better Public Services results 9 and 10. It drives Action 13 of the Government's ICT Strategy and Action Plan to 2017: "Open by default-active use of information assets".

Summary – Key indicators of progress

The table below summarises progress on the key indicators for this outcome identified in our 2012-15 Statement of Intent. The Statement of Service Performance provides further detail on performance against output level performance targets and discussion of activities this year.

Impacts: Reduce costs to find, share and use location-based information and increased use in decision-making																			
INDICATOR	PROGRESS/COMMENT																		
Increased SDI participation by government agencies	The report back on Open and Transparent Government demonstrated an increase in the number of agencies releasing their data for re-use. Key projects, such as Imagery, have demonstrated success in releasing data for open use.																		
Increased SDI participation by LINZ	<p>LINZ Data Service growth:</p> <p>Registered users</p> <table><tr><th>As at 1 July</th><th>Total</th></tr><tr><td>2011</td><td>355</td></tr><tr><td>2012</td><td>2,446</td></tr><tr><td>2013</td><td>5,839</td></tr></table> <p>Downloads</p> <table><tr><th>Financial year</th><th>Total downloads</th><th>Total volume (gigabytes)</th></tr><tr><td>2011/2012</td><td>12,351</td><td>2,208</td></tr><tr><td>2012/2013</td><td>30,450</td><td>6,045</td></tr></table> <p>A full economic assessment of the benefits of the LINZ Data Service has not been undertaken, but in addition to the volume and satisfaction indicators, we have case studies showing the innovative and economically beneficial use of the service (Figure 5 on page 14).</p>		As at 1 July	Total	2011	355	2012	2,446	2013	5,839	Financial year	Total downloads	Total volume (gigabytes)	2011/2012	12,351	2,208	2012/2013	30,450	6,045
As at 1 July	Total																		
2011	355																		
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2013	5,839																		
Financial year	Total downloads	Total volume (gigabytes)																	
2011/2012	12,351	2,208																	
2012/2013	30,450	6,045																	
Improved decision-making in Canterbury and Auckland spatial planning	We are coordinating eight linked Canterbury SDI projects and these will be evaluated when sufficiently progressed. We provided input into a <i>Lessons Learned Report</i> for the Auckland Spatial Plan on the value of geospatial information in evidence-based planning and decision-making.																		

Impact: Maintain support of New Zealanders' safety, security, culture and economic development

No loss in safety or security due to accuracy issues with our location-based information	<p>There were no upheld legal cases, or other formal investigations, attributing serious accidents to inaccuracies in map or chart products supplied by LINZ (and none in the previous two years).</p> <p>In addition we developed a world-first application for maritime hazard identification – H-Note, which actively seeks hazard information from recreational mariners.</p>													
Increased economic and cultural development opportunities from access to our location-based information	<table> <tr> <th></th><th>2012/13</th><th>2011/12</th></tr> <tr> <td>Topographic maps purchased</td><td>68,476</td><td>72,887</td></tr> <tr> <td>ENC subscriptions purchased</td><td>5,908</td><td>3,418</td></tr> <tr> <td>GNSS real-time service use increased</td><td>434</td><td>400</td></tr> </table>			2012/13	2011/12	Topographic maps purchased	68,476	72,887	ENC subscriptions purchased	5,908	3,418	GNSS real-time service use increased	434	400
	2012/13	2011/12												
Topographic maps purchased	68,476	72,887												
ENC subscriptions purchased	5,908	3,418												
GNSS real-time service use increased	434	400												
Increased value for money	Key stakeholders are satisfied with the hydrographic survey prioritisation process. LINZ remains on target to achieve \$2.95 million in cost-efficiencies in this area from 2014/15.													

Crown land

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

Overview

Over 40% of New Zealand is Crown land. The Department of Conservation manages the majority, around 30% of all land, in the conservation estate, with LINZ being the second biggest land manager with around 8%. Other agencies with significant holdings include the Ministry of Defence, the Department of Corrections, New Zealand Police, Housing New Zealand Corporation, and the Ministry of Education. The aftermath of the Canterbury earthquakes has seen Canterbury Earthquake Recovery Authority (CERA) acquire residential red-zone properties on behalf of the Crown.

The effective management and disposal (when surplus to requirements or as part of a Treaty process) of Crown land is of major economic, cultural and social value to New Zealand.

Our role and impacts

LINZ has a central role in Crown land management and disposal. We directly manage more than 5,000 properties (about two million hectares of land) and are responsible for administering many land-related laws. The land we manage is valued at more than \$400 million.

The variety of land under our management ranges from significant and productive land through to land that is a liability to the Crown. The complex demands of our many stakeholders mean we perform a range of activities in land management and balance sustainability with potential revenue and community objectives.

We support effective Crown land administration across the public sector through our regulation, advice and expertise. For most other agencies, Crown land management is not core business, even though they may have significant holdings. During 2012/13 we established the Crown Land Centre of Expertise to leverage our Crown land management know-how and provide government agencies and others with advice and assistance in relation to Crown land.



The ongoing development of this centre of expertise is a priority that the Minister for Land Information has set for LINZ for 2013/14.

This section reports on our progress against the impact of “more effective and sustainable land management”.

INCREASE VALUE FOR MONEY IN LINZ'S LAND MANAGEMENT

We delivered our full range of land management services, effectively and efficiently. We met or exceeded targets as detailed on page 43. While maintaining service standards we achieved operational savings of approximately \$190,000 in 2012/13, resulting from review work undertaken in 2011/12. We expect additional savings of approximately \$160,000 in 2013/14.

An important achievement was the implementation of the new pastoral lease rent system discussed below.

SIMPLER, MORE COST-EFFECTIVE PASTORAL LEASE RENT SYSTEM



A Ministerial priority at the start of the year was for LINZ to implement a simpler, more cost-effective rent system for the South Island High Country pastoral leases we manage. By December 2012 progress was sufficient for the Minister to ask LINZ to refocus on other high priorities. High Country leases account for 70% of LINZ's portfolio by area, and hold national significance to the economy and environment. The new system of rent-setting implemented in 2012/13 assesses rent based on the productive value of the land.

The Crown Pastoral Land (Rent for Pastoral Leases) Amendment Act 2012 was enacted in May 2012 and LINZ subsequently worked closely with lessee representatives to develop the framework and rules for administering and setting rents. Seventeen leases have gone through the revaluation process under the new legislation and all were completed within the legislative timeframes.

Excellent progress has also been made towards resolving rental disputes arising from the previous rental system. Prior to the new system being introduced, there were 143 pastoral lease rent disputes before the Valuation Tribunal. As at 30 June 2013, 127 of these disputes had been resolved.

IMPROVED RENT-SETTING SYSTEM FOR HIGH COUNTRY PASTORAL LEASES CREATES NEW LOCATION-BASED INFORMATION

The new rent-setting system for High Country pastoral leases is based on production, and uses carrying capacity and current economic farm returns to determine rents. The new system is more streamlined than previously and has led to significant efficiencies, as described on pages 17 and 20. Introducing the new system has also produced spin-off location-based information benefits.

In developing the new rent-setting model, LINZ worked with Landcare Research to develop a geographic information system (GIS) model which uses the best available environmental data to predict the carrying capacity of the leased land. This carrying capacity is used in the formula to set the rent. Data layers in the model include slope, aspect, rainfall, and other physical features for all pastoral leases. There is also a 30 kilometre buffer-zone of information around the boundaries of the leased areas.

The interactive, location-based information created in the GIS model has uses beyond the rent-setting process: Lessees can incorporate the information in their land-use planning and resourcing decisions, and others with an interest in the leased land, or adjacent land, can also access and use the information.

The information is available free through Landcare's Land Resource Information Systems (LRIS) and LINZ is also making the information available through our website.

The improved location-based information is readily accessible and has led to a simpler process that delivers greater certainty around future rents for lessees. All of these factors combine to help improve the effective use of High Country land.

IMPROVE RESULTS ACROSS ALL CROWN LAND – CROWN LAND CENTRE OF EXPERTISE

During the year, we established ourselves as the recognised Crown Land Centre of Expertise (CLCoE), to provide government agencies and others with advice and assistance in relation to Crown land. LINZ is well-placed to assist agencies for which the management of Crown land may not be a core function. CLCoE will save time and money, and can release resources in many Crown agencies to focus on core functions.

Our aim in CLCoE is to drive for the maximum efficiency gains possible across government through:

- providing advice and services that improve management and disposal practices
 - taking on more non-core land where it enables other agencies to refocus on their own priorities.
- signing a memorandum of understanding for the management and disposal of surplus land assets with the Department of Corrections
 - accepting the transfer of Mount Crawford and New Plymouth prisons – we have started the management and disposal process for these properties, and
 - beginning dialogue with a number of other Crown agencies with significant land holdings. As of 30 June 2013, LINZ was close to signing memorandums of understanding with two more agencies to dispose of their surplus land.

We are working to increase knowledge and capability in government agencies and among land professionals to effectively manage Crown land and Crown land transactions. To facilitate this, LINZ worked in partnership with the Property Institute of New Zealand to develop online training modules on managing Crown land for the Institute's 2,600 members and others with an interest in property management.

In September 2012, we implemented a new joint land information management system, NaPALIS, with the Department of Conservation. This system integrated a large number of previous systems and enables improved management and reporting by LINZ. The system is being made available to other public sector organisations.

SUPPORT FOR INFRASTRUCTURE GROWTH

LINZ plays an important role in progressing one of the Government's key planks for economic growth: development of productive infrastructure. We provide quality assurance and sign-off on all land acquisitions and disposals by Crown agencies. We ensure our work supports mitigation of the significant risks the Crown faces in acquiring land, and protects property owners' interests.

During the year, LINZ cleared and made statutory decisions on a total of 3,232 properties. This was within the estimated range of 2,500-3,500.

Infrastructure projects – such as the Roads of National Significance being built over 10 years by the New Zealand Transport Agency (NZTA) – can involve large numbers of land acquisitions, see page 44. This year, we continued to meet the NZTA's tight timeframes and received an improved satisfaction rating of 4.7 out of 5 from them.

SUPPORTING THE CANTERBURY REBUILD

We supported CERA in its recovery strategy and in managing complex land and property rights issues in Christchurch. This included the continued secondment of a senior manager to work at CERA, and providing technical advice in relation to the Crown's management of a large number of affected properties in the suburban red zone.

LINZ is taking on some responsibilities for up to 8,000 suburban red-zone properties on behalf of CERA. We worked together during the year on effective planning for the transfer of these properties and interim land management. One immediate task we are assisting with is the payment of rates for properties acquired during the year. A memorandum of understanding has been developed detailing LINZ's role in land maintenance and administration. Residential red-zone land will transition to LINZ in tranches during 2013/14.

We supported good collaboration between the key stakeholders involved in the suburban red zone and helped mitigate key risks to the Crown around property acquisitions and management.

CONTRIBUTING TO THE TREATY OF WAITANGI CLAIMS SETTLEMENT PROCESS

LINZ also manages a substantial body of work – in some cases 'in perpetuity' – to implement settlement obligations.

LINZ plays an important role in settling Treaty of Waitangi claims. Our activities include policy advice and land transaction services, negotiation with iwi over land values, and management and transfer of land held for settlements¹⁰. We deliver a comprehensive work programme to support the Government's goal of settling historic claims expeditiously.

During the year we continued to work closely with the Office of Treaty Settlements (OTS) to ensure a smooth path for settlement legislation and to meet our mutual obligations. A particular focus has been to streamline the processes for negotiating land values and completing Treaty settlement land transactions.



Contributing to the Treaty of Waitangi settlements process was a Ministerial priority for LINZ during 2012/13. We are pleased to report the Minister for Land Information was sufficiently comfortable with our work in this area for LINZ to reintegrate it as a business as usual activity in 2013/14. Supporting the Treaty settlements process remains an important deliverable for LINZ.

¹⁰ See page 44 for our direct performance in delivering Treaty settlements work, and page 55 for a summary of the Treaty name activities undertaken by the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa.

Summary – Key indicators of progress

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

INDICATOR	PROGRESS/COMMENT
Contribute to economic and social benefits from South Island High Country leases	In addition to the implementation of the new pastoral rent system, research was completed that will be used to inform future development in this area to ensure improved benefits.
Increased cost-effectiveness in High Country pastoral management	The new rent system has a quicker process for both LINZ and lessees (110 days versus 3 years), is settling old disputes (127 settled out of 143), has stakeholder buy-in (17 assessments made under the new system), is cheaper to administer (\$3,500 per review versus \$10,000) and will make significant savings for lessees.
Increased cost-effectiveness in management of our non-pastoral Crown land portfolio	LINZ received an increased rating from its annual satisfaction survey of key biosecurity stakeholders (3.75 out of 5 in 2012/13, 3.6 out of 5 in 2011/12). As noted on page 18 we began developing our strategic plan for CLCoE, including key performance indicators.
Key Crown land management risks effectively mitigated	Ongoing surveillance and monitoring processes are in place to identify new weed infestations and a risk-based approach is used to prioritise resource use. Infestations were all managed in accordance with the LINZ Biosecurity Operational Plan. There were no serious instances of non-compliance with lease requirements in 2012/13. LINZ continues to actively monitor and manage any breaches of conditions. There was no increase in court judgements relating to LINZ's quality assurance and sign-off of Crown acquisitions under the Public Works Act 1981.
Crown land continues to be released for other uses	See Figure 7 below.

Figure 7: Release of Crown land for other uses

Type of land released	Target for 2012/13	Achieved in 2012/13
Pastoral land into freehold	43,790ha	28,478ha
Pastoral land designated for conservation land	39,458ha	33,708ha
Crown forest land to iwi	24,889ha	24,888ha
Other Crown land to private sector and iwi	850ha	52ha
Other Crown land into community or government use	33ha	5ha

Cross-LINZ impacts

Effective support for rebuilding in Canterbury

OUR ACHIEVEMENTS SUPPORTING THE CANTERBURY REBUILD

Our achievements over the past 12 months in supporting the Government's priority of rebuilding Canterbury are discussed in the preceding commentary. The highlights of this work are summarised below.

- Completed re-survey of the Canterbury survey control network
- Supported CERA with residential red-zone property management and signed an MOU with CERA to take on more responsibilities
- Implemented a programme of eight projects that contribute to the rebuild effort
- Provided advice to CERA on complex property rights issues
- Supported the Christchurch and Waimakariri councils with their rating revaluations
- Implemented new rules for cadastral surveys for boundaries affected by earth movement

Effective support for Māori and iwi development

OUR ACHIEVEMENTS IN SUPPORTING MĀORI AND IWI DEVELOPMENT

Our achievements over the past 12 months in supporting the Government's priority of supporting Māori and iwi development are discussed in the preceding commentary. The highlights of this work are summarised below.

- Positioned LINZ with the launch of He Whāriki Maurua, our Business with Māori Strategy.
- Supported Office of Treaty Settlements (OTS) milestones through the New Zealand Geographic Board reviewing OTS-recommended Māori place names, providing OTS with policy advice and land transaction services, negotiating with iwi over land values and management and transfer of land held for settlements. We undertook twice the anticipated levels of work for OTS and achieved a satisfaction rating of 3.8 out of 5.
- Positioned ourselves to unlock more value for Māori and iwi in areas where our expertise can assist, such as the publication of registration guidelines for seven legislated Treaty settlements, survey guidelines for the Māori Land Court and establishing a joint inspection programme with Ngai Tahu to enable synchronisation of our efforts. We will evaluate the effectiveness of partnerships we enter into when these are sufficiently progressed.

Improving organisational performance

This section outlines our progress in delivering the organisational improvements outlined in our Statement of Intent 2012-15

PERFORMANCE IMPROVEMENT FRAMEWORK REVIEW

In 2012/13, we underwent a review under the Performance Improvement Framework (PIF) and the final report was released in August 2013. The lead reviewers for this PIF were Paula Rebstock and Brian Harrison. We thank them for their thorough work and helpful insights and comments.

On balance, the overall PIF review findings are very positive. The review confirms that we continue to build on our past strengths: we are improving our responsiveness to customers; we are making gains in our organisational capability; our information management and ICT systems are robust; and we are demonstrating strong staff engagement.

There are some areas identified as 'needing development', but importantly, we received no 'weak' ratings in any of the review areas. It is worth noting that some of the 'needing development' ratings are future focused. They look at whether or not we have the capability today to deliver what we need in four years' time.

The review confirms we have a strong platform for growth and that we are already doing a number of things identified in the PIF's 4-year excellence horizon. For example, the review challenges us to think ahead to possible futures, rather than being constrained by what we see today. We are already making good progress down this route in the development of our 10-year view (see below).

STRATEGIC DIRECTION

Much of LINZ's work requires significant lead-in times and investment, making a long-term horizon important. This need for a long-term view and context also applies to our cross-sector work and partnership initiatives, such as the Canterbury spatial data infrastructure programme, Crown Land Centre of Expertise and Better Property Services.

Towards the end of the year, LINZ commenced work on developing a 10-year view of its strategic direction, and identifying the biggest difference LINZ can make for New Zealand. In developing this view, we have drawn on internal and external viewpoints and knowledge, the PIF findings, and the Government's and Ministerial priorities.

The 10-year view will provide an important framework for long- and medium-term strategic decision-making and planning, annual business planning, implementation and monitoring, and evaluation of progress.

WORKFORCE CAPABILITY

LINZ's success and the quality of service we provide are founded on the expertise and commitment of our people. The work LINZ does requires high levels of technical knowledge and experience. Our environment and the requirements on staff can evolve swiftly. To take new opportunities and meet new needs, we need a skilled, agile and engaged workforce.

In 2009, we introduced a People Strategy to ensure we have the capability and culture to meet the current and future needs of New Zealand. The four key themes of the strategy are:

- readiness for the future
- skilled and savvy leadership
- engaged culture, and
- focus on skills and expertise.

Our Place is LINZ's culture change programme. The success of initiatives under Our Place is indicated by LINZ increasing its staff engagement in the Gallup survey from 3.88 in 2011 to 4.16 in 2012/13. This places LINZ as the most engaged organisation within the New Zealand Public Sector.

Our achievements were externally recognised, winning two of the eight award categories at the Institute of Public Administration (IPANZ) 2013 awards in early July 2013 – 'Improving Performance through Leadership Excellence' and 'New Professional of the Year' (LINZ Data Service Manager Jeremy Palmer). The IPANZ award for 'Improving Performance through Leadership Excellence' was presented to LINZ for building a highly-engaged workplace.

In 2012/13 LINZ had a healthy annual turnover of 6.8%. We reduced turnover of staff with less than three years' service from 36% to 34.4%. Leavers within this group predominantly hold corporate as opposed to technical roles. We also increased the percentage of internal appointments to our critical technical roles.

We continued to develop our potential and current leaders through providing greater secondment opportunities and through joint capability programmes run by the Natural Resources Sector (NRS). The NRS is also establishing a process to better manage secondments across the sector and enable opportunities for wide cross-skilling and development. LINZ has contributed to the development of a Multi-Disciplinary Analytical Framework for use by NRS and other agencies, which will assist in improving collaboration and the quality of policy analysis. Programmes have continued to be enhanced and aligned with agency needs throughout the 2012/13 period with the introduction of a Technical Specialist programme targeted at technical leaders.

We continue with good practice performance and talent management systems, and supplement and improve these through research into needs. Work was completed in 2012 that identified LINZ's technical capability needs. This work is being further developed to inform our organisational development frameworks such as succession planning and talent management.

We also focused on cost-efficiency and recruitment expenditure was 11% lower in 2012/13 than 2011/12.

IMPROVE CUSTOMER SERVICE AND STAKEHOLDER ENGAGEMENT

During 2012/13, we progressed strategies to improve our service delivery to customers, engagement with stakeholders, and collaboration with the other agencies that manage natural resources.

Key activities included the following:

- We worked to improve the cost-effectiveness and customer experience of our services, and to better understand the needs of a growing and changing customer base. We reviewed our customer service channels and improved research and evidence capability.
- As a member of the group of agencies that manage natural resources, we contributed to the NRS work programme for the year. The renewed focus is on improving information sharing and policy alignment, particularly for policy around marine and fresh water. LINZ is leading the workstream for information.
- The first pan-LINZ external, online stakeholder survey was conducted in September 2012 – 624 stakeholders were invited to participate and of these 136 responded (22%).
- The survey identified a range of areas where we could improve, and during the year we have been focused on improving our key stakeholder relationships.

LIFT CAPABILITY IN OUR WORK WITH MĀORI AND IWI

In June 2013 LINZ launched He Whāriki Maurua, our Business with Māori Strategy with the vision of unlocking LINZ's potential to accelerate Māori and iwi development. It sets foundations for LINZ to work in a more strategic and targeted way with iwi and Māori to create opportunities for improved economic, environmental, social and cultural outcomes. A key opportunity is helping unlock the huge economic potential of under-utilised Māori land.

LINZ established a small team to develop the strategy and improve our ability to coordinate and deliver our engagement with Māori. We also formed a Māori Advisory Board, comprised of experienced and influential individuals. The Board provides expertise and advice on how we deliver He Whāriki Maurua and helps us identify and develop opportunities for improving our work with Māori and iwi.

The four strategic goals (kaupapa) of the strategy are:

- Māori interests in Crown land are expertly managed
- New Zealand's property rights systems are reset to accelerate Māori and iwi development
- Māori and iwi have access to fit-for-purpose location-based information and expertise from an authoritative source, and
- effective management of LINZ business with Māori unlocks greater value to New Zealand.

We are confident that the strategy provides a very solid foundation and pathway for improving our engagement with Māori and iwi in years to come.

CAREFUL FINANCIAL MANAGEMENT AND IMPROVED BUSINESS DECISION-MAKING

LINZ reported a positive financial result for the year, producing its outputs to a high standard within budget.

LINZ has continued its focus on ensuring the long-term self-sustainability of its survey and title business, through improved demand and revenue forecasting. This improved information helps ensure we accurately price and resource this important area of our work.

In 2012/13 we returned a surplus on this area of operations, and anticipate doing so in 2013/14. We repaid the Crown \$20.0 million of the remaining balance from a capital injection received following the property market downturn to offset lost revenue, and expect to pay the final \$3.6 million in early 2013/14. See the Financial Statements section on page 59 for further detail on our financial performance. This improvement will enable LINZ to commit funds for investment in future developments to sustain and improve services.

LINZ has continued to fund new initiatives and extensions of service through realising internal operating efficiencies, and in 2012/13 these were as follows:

- The outsourcing of the LINZ ICT function achieved savings of \$2.3 million in 2011/12 – this decreased spend has been maintained in 2012/13.
- LINZ reduced its 2012/13 recruitment expenditure by 11% (\$57,000) from 2011/12.
- In 2012/13 LINZ's hydrographic area realised \$750,000 in savings through more efficient storage and distribution of our products, and \$1.7 million in reduced hydrographic survey expenditure.
- Pastoral lease invoicing was brought in-house in 2012/13 and it is estimated this will save LINZ \$160,000 per annum in future.

LINZ will continue to explore further efficiencies by initiatives such as reviewing its insourcing/outsourcing arrangements with contractors and exploring opportunities to work more closely with other government agencies. It is considered likely though that future efficiency savings are limited and because of this LINZ is giving close consideration to how its products and services are funded.

Capital planning

We have examined the future of Landonline within a wider scope of delivery options for the survey and title business. During 2012/13 scoping of the project was completed, a long-list of options developed, and a short-list of options agreed upon. A proposed Landonline refresh for the short-medium term is being developed, with a business case to be finalised in 2013/14.

Reliable, flexible and cost-effective ICT systems

LINZ is heavily, and increasingly, reliant on strong ICT systems for its collection, storage and processing of data, for distributing information in ways that meet user needs, and for the day-to-day running of business.

LINZ outsourced the majority of ICT services in 2010/11. Our primary ICT supplier continued to achieve the service level targets we set for secure, reliable delivery of infrastructure and systems.¹¹

We have sought to reduce costs and improve services (including introducing new services and innovations), while maintaining the reliability and integrity of our ICT systems. During the year:

- we continued savings, as noted on page 23
- Landonline was available 99.93% of the time
- we introduced the Our Place Anywhere (OPA) system upgrade across LINZ – this enables much greater flexibility for our staff to access our computer system, and
- we maintained high levels of ICT availability and security/privacy controls.

Improving corporate services

LINZ is using the data from Treasury's Benchmarking Administrative and Support Services (BASS) to target further areas where our corporate services spending can be more cost-effective.

The latest BASS review shows that LINZ has the lowest property cost compared with similar medium-sized agencies. It also shows that we are performing above – or at a similar level to – our peers in the effectiveness of our finance, ICT and corporate and executive services functions.

A number of activities and initiatives contributed to improving our BASS results – and in doing so, our effectiveness as a department. These included launching an online recruitment tool, which significantly reduces LINZ's recruitment costs and provides a streamlined service, and developing a Workforce Strategy that recognises the high technical capability of our staff.

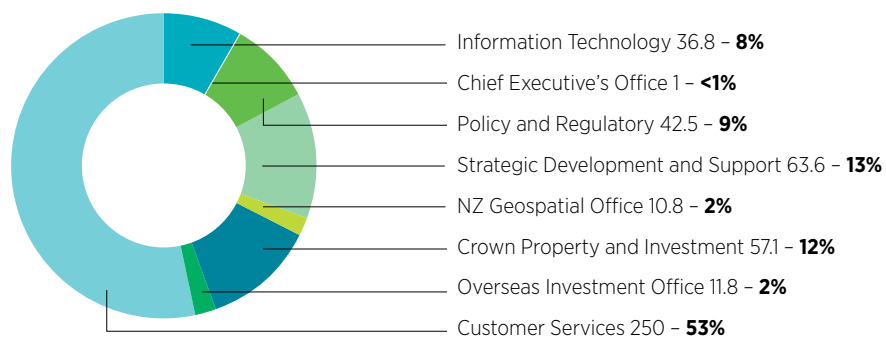
¹¹ Page 38 provides more detail.

Figure 8

KEY WORKFORCE CHARACTERISTICS AS AT 30 JUNE 2013

- LINZ has 475.8 FTE staff based in Christchurch, Wellington and Hamilton. Our agreed establishment is 499 FTEs
- 69% of staff are frontline and 31% are back office
- The average age of staff is 45 years
- 15% of staff are under 30 years old
- 10% of staff are aged 60 or older
- 50%/50% split between male and female staff
- The average tenure of staff is 12 years for frontline staff and 8 years for back office staff
- Core unplanned turnover for 2012/13 was 6.8%

Our workforce as at June 2013



Summary – Key indicators of progress

The table below summarises progress on the key indicators for organisational performance identified in our 2012-15 Statement of Intent.

INDICATOR	PROGRESS/COMMENT												
Improved or maintained KPIs for workforce engagement, leadership and technical skills capability	As measured in our Gallup survey the overall engagement of LINZ staff rose significantly in 2012/13, building on gains in the previous year. The survey also found a highly engaged senior and third-tier leadership team, and growing confidence from staff in our leaders.												
	<table><tr><th>Key indicators (score out of 5)</th><th>2012</th><th>2011</th><th>2010</th></tr><tr><td>Overall staff engagement</td><td>4.6</td><td>3.9</td><td>3.6</td></tr><tr><td>The leadership of my organisation makes me enthusiastic about the future</td><td>3.7</td><td>3.4</td><td>3.2</td></tr></table>	Key indicators (score out of 5)	2012	2011	2010	Overall staff engagement	4.6	3.9	3.6	The leadership of my organisation makes me enthusiastic about the future	3.7	3.4	3.2
	Key indicators (score out of 5)	2012	2011	2010									
	Overall staff engagement	4.6	3.9	3.6									
	The leadership of my organisation makes me enthusiastic about the future	3.7	3.4	3.2									
Reduced turnover of staff with less than three years' service from 36% in 2011 to 34.4% in 2012. Leavers within this group predominantly hold corporate as opposed to technical roles. For the 2012/13 year LINZ increased the percentage of internal appointments to critical technical roles.													
NRS collaboration and policy and analysis	Our contribution to NRS work is noted on page 22.												
Increased customer satisfaction with our service delivery	<p>As noted on page 23 we completed a stakeholder survey during 2012/13 and have adopted a more strategic approach to stakeholder engagement.</p> <p>As noted on page 23 in June 2013 we launched He Whāriki Māori, our Business with Māori Strategy. Survey and title customer satisfaction with the electronic transaction system was 3.48 out of 5 for 2012/13 and 87% in 2011/12. LINZ runs a rolling programme of customer surveys scheduled according to business needs. Overall satisfaction of geodetic, topographic and hydrographic customers was not surveyed during in 2012/13.</p>												
Short-term and long-term fiscal sustainability ensured	We achieved full cost-recovery of survey and title costs in 2011/12 and remain on track to develop a sustainable long-term survey and title business model by 2014. As committed to in our Statement of Intent, we managed workforce costs from within our Crown baseline.												
Improved ICT and other corporate services cost-effectiveness	The outsourcing of the LINZ ICT function achieved savings of \$2.3 million in 2011/12 – this decreased spend has been maintained in 2012/13. ICT internal customer measures continued to improve for overall service to business owners, innovation and strategy, and cost transparency.												
	<table><tr><th>Administration and Support services costs as a % of overall running costs – desired trend – maintain or improve</th><th>Financial year</th></tr><tr><td>28.09%</td><td>2012/13</td></tr><tr><td>29.02%</td><td>2011/12</td></tr><tr><td>30.18%</td><td>2010/11</td></tr></table>	Administration and Support services costs as a % of overall running costs – desired trend – maintain or improve	Financial year	28.09%	2012/13	29.02%	2011/12	30.18%	2010/11				
	Administration and Support services costs as a % of overall running costs – desired trend – maintain or improve	Financial year											
	28.09%	2012/13											
	29.02%	2011/12											
30.18%	2010/11												
Our audit rating for “Service performance information and associated systems and controls” improved from “needing improvement” in 2010/11 to “good” for 2011/12 and 2012/13.													



Service performance

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

It provides our Statement of Service Performance, which is an assessment of our delivery of outputs against the performance measures set out in the Budget 2012/13 Information Supporting the Estimates.

Statement of Responsibility

In terms of sections 45 and 45c of the Public Finance Act 1989, I am responsible, as Chief Executive of Land Information New Zealand, for the preparation of Land Information New Zealand's financial statements and the judgments 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 2013.



Peter Mersi
CHIEF EXECUTIVE
LAND INFORMATION NEW ZEALAND
30 SEPTEMBER 2013



Ian McEwan
CHIEF FINANCIAL OFFICER
LAND INFORMATION NEW ZEALAND
30 SEPTEMBER 2013

Audit Report

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF LAND INFORMATION NEW ZEALAND'S FINANCIAL STATEMENTS AND NON-FINANCIAL PERFORMANCE INFORMATION AND SCHEDULES OF NON-DEPARTMENTAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2013

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

We have audited:

- the financial statements of the Department on pages 59 to 79, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Department that comprises the statement of service performance on pages 31 to 58 and the report about outcomes on pages 6 to 26; and
- the schedules of non-departmental activities of the Department on pages 80 to 94 that comprise the schedule of assets, schedule of liabilities and revaluation reserves, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2013, the schedule of expenses, schedule of expenditure and capital expenditure against appropriations, schedule of unappropriated expenditure and capital expenditure, schedule of income and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Department on pages 59 to 79;
- comply with generally accepted accounting practice in New Zealand; and

- fairly reflect the Department's:
 - financial position as at 30 June 2013;
 - financial performance and cash flows for the year ended on that date;
 - 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 2013; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2013; and
- the non-financial performance information of the Department on pages 31 to 58 and 6 to 26:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Department's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
 - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the schedules of non-departmental activities of the Department on pages 80 to 94 fairly reflect, in accordance with the Treasury Instructions:
 - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2013 managed by the Department on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Department on behalf of the Crown.

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

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

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

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

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

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

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

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

Responsibilities of the Auditor

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

Independence

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

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



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

Linking our outputs to the results we seek

We deliver our output activities for managing property rights transactions, location-based information and Crown property through 11 output classes. The activities within these output classes all help to achieve the results and outcomes described in the Year in Review section of this report.

Figure 10 (overleaf) shows the key linkages between the outputs we delivered and the results we sought to progress over 2012/13. As illustrated, property rights and core location-based information activities are divided between two main output classes, while Crown land activities are progressed predominantly from within one output class.

Our output classes for policy advice and related services, and for regulatory and ICT activities, support all of the results we sought to achieve. However, much of the expense incurred in the ICT infrastructure output class supports the online property rights transaction system, Landonline.

The total expense under each output class is provided in Figure 9 below.

OUTPUT CLASS REVIEW

During 2012/13, we reviewed our output class structure and made changes for the current financial year. These modifications will increase the clarity of our financial and non-financial performance reporting in the future.

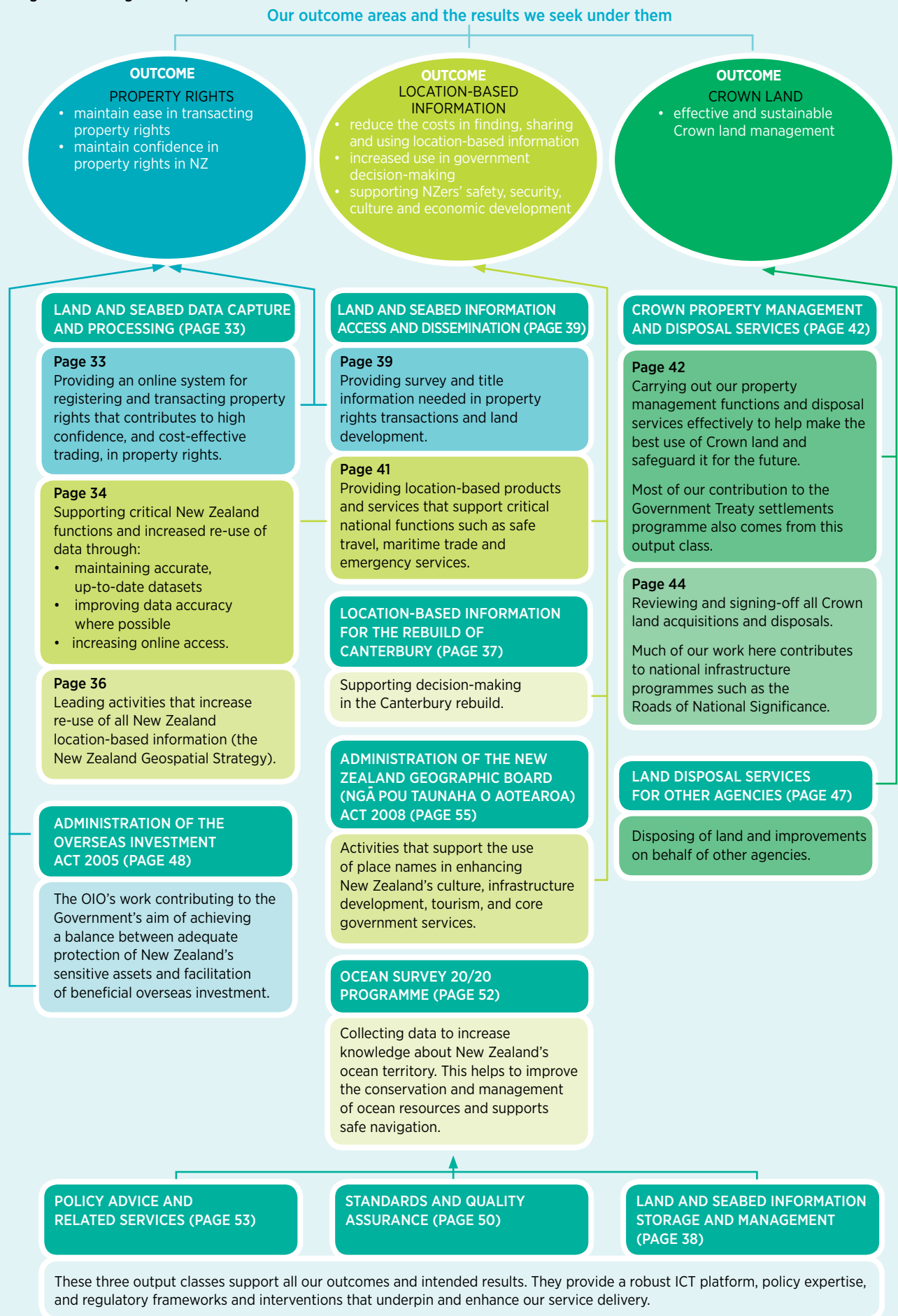
Figure 9

OUTPUT CLASS EXPENSES

In 2012/13, total expenditure across our 11 output classes was \$94,848 million. This diagram shows the expenditure in each output class (\$000) and the percentage this is of overall output expenditure.



Figure 10: Linking our outputs to outcomes



Land and Seabed Data Capture and Processing output class

The collection and authorisation of land data and information in accordance with the regulatory frameworks

Under this output class we:

- deliver the Land Rights Registration and Cadastral Survey Systems
- generate the National Authoritative Geospatial Record
- implement the New Zealand Geospatial Strategy.

Delivery of the Land Rights Registration and Cadastral Survey Systems

LINZ provides the online system for electronically lodging, registering and approving title transactions and cadastral survey datasets (or plans)¹².

We also register title transactions and approve cadastral survey datasets lodged by customers¹³ after confirming the transactions and datasets comply with regulatory standards. We issue new land titles following these lodgements.

KEY PERFORMANCE MEASURES

These are our key measures for demonstrating delivery of a reliable online system, effective support for customers, and timely and accurate service delivery.

Performance measure	Standard	Actual performance this year	Performance last year
Survey and title information			
The percentage of title datasets incorporated into Landonline in accordance with regulatory and other standards set by the Registrar-General of Land	99.8%	99.8%	100%
The percentage of cadastral datasets processed and integrated into Landonline in accordance with regulatory and other standards set by the Surveyor General	95%	98.6%	100%
The rating from survey and title customers on the overall quality of LINZ's 0800 Customer Support ¹⁴	3 or better	3.3 (Satisfied)	Very Good
The rating from survey and title customers on the quality of information searched in Landonline	3 or better	3.67 (Satisfied)	Very Good
The percentage of cadastral survey datasets approved within 10 working days	90%	52.2%	79.2%
The percentage of all title transactions requiring manual processing processed within 10 working days	90%	49.7%	79.9%
The percentage of Landonline system availability to customers between 7am and 9pm on Monday to Thursday, 7am to 7pm on Friday, and 9am to 5pm on Saturday	99.5%	99.93%	99.65%

¹² Landonline is an electronic system that integrates the information infrastructure of the property market – land rights registration and cadastral survey. Provision of the online system also encompasses providing system registration, training, information, assistance and customer relationship services.

¹³ Including conveyancing practitioners, territorial authorities and surveyors.

¹⁴ This performance measure and the one below were a single measure in the Estimates. They were separated as LINZ discontinued this question in its monthly survey after re-evaluating its survey questions for survey and titles.

Volumes	Estimated volume	Actual volume this year	Actual volume last year
Survey and title information			
The number of cadastral survey datasets processed	8,000 (range 7,200-8,800)	8,535	8,004
The number of title documents processed	560,000 (range 504,000-616,000)	608,780	544,851
The number of new land titles issued	31,360 (range 28,200-34,500)	27,279	22,992

ADDITIONAL PERFORMANCE INFORMATION

The majority of activities in transacting property rights are carried out online by our customers. The key performance measures in the table illustrate that we continued to provide a reliable, accurate and easy-to-use online system and good customer support.

As shown on page 33, we did not meet our performance targets for processing cadastral survey datasets and manually processed title applications. While we fell short of the targets of 90% processed within 10 days, the 90% target was met within 18 days for cadastral survey datasets and 15 days for manually processed titles. Manually processed titles constituted less than 15% of the total titles processed.

During 2012/13 we undertook significant customer engagement with our key stakeholder and customer groups throughout New Zealand. Service levels have been discussed at these meetings and we have been providing customers with regular communications on how we are progressing towards our 10 working day target. Since January 2013 we have surveyed customers monthly as to whether our service levels are meeting their business needs. The responses have averaged 80% satisfied for survey customers and 95% satisfied for title customers. The reasons for the variance in processing times are discussed below.

During the global financial crisis there was a significant drop in transaction volumes and associated revenue. As a consequence we reduced staffing levels. When transaction volumes increased, we were unable to recruit and train quickly enough to respond to the market. Processing surveys and titles is a technical field and it takes on average nine months' training and guidance by experienced staff before a new staff member is fully productive. In 2012/13 significant recruitment and training has been progressed. Experienced technical staff were required to deliver training and mentoring to new staff. While this reduced our ability to meet targets in the short term, it was a necessary investment in future performance.

We have reconfigured the performance measures in this area for next year to give a more accurate picture of performance. In 2013/14 we will report the number of working days to process 90% of all cadastral survey datasets and title applications requiring manual processing against a target of 10 working days.

Improving the quality of cadastral survey and title data

We completed two projects to improve data quality in areas identified as priorities by our customers. We linked title records (recording property rights) with spatial parcels (the boundaries of these rights). This makes it easier to search for and map the location of property rights or find information about property rights from a map. The goals were to have 90% of live titles linked to all of their spatially defined current parcels and to have 50.5% of the cadastre having boundary points with survey-accurate coordinates by the end of the project. Both targets were reached by the end of September 2012.

Generation of the National Authoritative Geospatial Record

We produce authoritative geospatial (or location-based) information from digital systems, incorporating the benefits that satellite technology enables in improving accuracy of imagery and positioning.

The information produced underpins the property market, government functions (such as emergency services and constitutional government administration), and safe navigation.¹⁵

This output includes geodetic, topographic, hydrographic and addressing data. Distributing this data and information is covered under the Land and Seabed Information Access and Dissemination Output Class on page 39.

¹⁵ Excludes survey and title data.

KEY PERFORMANCE MEASURES

These are the key measures for our performance in producing accurate and authoritative geospatial information:

Performance measure	Standard	Actual performance this year	Performance last year
The number of surveyed or maintained contracted geodetic control marks achieved	1,700 (range 1,500–2,000)	1,086	3,537
Notifications of urgent work on survey marks are responded to within 2 working days	100%	100%	New measure
The percentage of geodetic datasets that comply with relevant regulatory or other standards	100%	100%	100%
The percentage of topographic datasets that comply with relevant regulatory or other standards	100%	100%	100%
The percentage of planned updates and revisions of Topo50 map sheets completed	100%	120% ¹⁶	New measure
The number of level 1, 2 and 3 hydrographic surveys undertaken	3 (1 of each level) (range 0–4)	4	2 (level 1 and 2)
The percentage of hydrographic surveys that comply with relevant standards	100%	100%	100%
The rating received on LINZ's performance of electoral and addressing obligations under the memorandum of understanding with Statistics New Zealand	Rating of 'Good' or better	N/A. MOU with Stats NZ no longer in effect	New measure

ADDITIONAL PERFORMANCE INFORMATION

The location-based information produced under this output serves important national economic, social and cultural functions. Our focus is on ensuring the currency and accuracy of data needed by core users, and increasing its availability and re-use.

Geodetic data

In maintaining New Zealand's physical and digital geodetic network, our priority was to re-establish geodetic (or positioning) infrastructure in Christchurch to assist with the recovery. The 2012/13 work programme included approximately 3,800 marks, up on our normal target estimates (1,700 marks) due to the additional work associated with restoring the geodetic system in Canterbury. During the financial year, we finalised processing of 1,086 marks.

The start of the work programme was delayed due to the setting up of a new procurement process. The initial delay in awarding work to contractors coupled with weather issues later in the year has resulted in late delivery of contract work to LINZ. While the great majority of work was completed by contractors during the financial year and this work supplied to LINZ, as at 30 June 2013 we were still working through the quality assurance processes required to update our databases. Work is not recorded as complete for this measure until quality assurance processes have been completed.

Hydrographic data

Our survey programme focuses on collecting hydrographic data in the areas most important for supporting trade and safety at sea.

In addition, service level agreements for producing and providing tidal data, and for coverage of the national tsunami monitoring network were met¹⁷. This contributes to the efficient operation of New Zealand ports and management of potential tsunami events by emergency services.

¹⁶ Five data releases were planned this year and six were made.

¹⁷ 98.8% of all transmitted data in the tsunami monitoring network reached GNS Science within 30 seconds.

Implementation of the Geospatial Strategy

The New Zealand Geospatial Office (NZGO) in LINZ leads the all-of government New Zealand Geospatial Strategy.

The NZGO continued to focus on developing an effective national Spatial Data Infrastructure (SDI), along with other key supporting initiatives such as building geospatial capability and research.

KEY PERFORMANCE MEASURES

Performance measure	Standard	Actual performance this year	Performance last year
The Geospatial Strategy is delivered in accordance with the work plan agreed to by the Geospatial Executives Group	100%	100%	New measure

ADDITIONAL PERFORMANCE INFORMATION

As discussed in further detail on page 10 of the Year in Review section, good progress was made this year towards making New Zealand a spatially enabled economy and society.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
20,697	Revenue Crown	18,363	19,480	20,076
51,970	Revenue other	57,459	46,324	56,524
72,667	Total revenue	75,822	65,804	76,600
43,682	Total expenses	46,167	42,324	51,799
28,985	Net surplus/(deficit)	29,655	23,480	24,801

Location-based Information for the Rebuild of Canterbury output class

Location-based information for the recovery and rebuild in Canterbury

This closely links to work on the New Zealand Geospatial Strategy undertaken under the Land and Seabed Data Capturing and Processing output class.

Performance measure	Standard	Actual performance this year	Performance last year
A programme management office, work programme and governance structure is established for the eight projects contributing to a Canterbury spatial data infrastructure	Achieved	Achieved	New measure

In 2012/13 LINZ began implementation of a suite of eight projects in Canterbury, which both directly contribute to the rebuild effort and provide a working model to aid development of a national SDI. During the year we identified the need and scope of the projects, secured Government funding, established a programme office to coordinate activities and coordinate with key agencies and project reference groups, and commenced work on the highest priority projects. Once the projects are progressed sufficiently, we will undertake evaluation to draw out lessons learned in a systematic way.

Our financial performance

Actual 2012 \$000	Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
- Revenue Crown	203	-	1,384
- Revenue other	-	-	-
- Total revenue	203	-	1,384
- Total expenses	203	-	1,384
- Net surplus/(deficit)	-	-	-

Land and Seabed Information

Storage and Management output class

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

There is one output under this output class: Ongoing maintenance of an information system infrastructure that protects the integrity and security of authoritative databases.

KEY PERFORMANCE MEASURES

Here are the key measures of our performance in providing an effective and efficient ICT infrastructure:

Performance measure	Standard	Actual performance this year	Performance last year
IT system availability levels are within the range required to support business outcomes	99%	99.95%	New measure
Findings from the regular audits indicate that appropriate practices are in place to ensure the integrity of the systems	100%	100%	New measure
The IT architecture components are reviewed based on strategic direction and the business planning process to ensure ongoing alignment of the LINZ technical environment	The IT architecture standards and roadmap are maintained in alignment with business direction	Achieved	Achieved

ADDITIONAL PERFORMANCE INFORMATION

The management of our ICT infrastructure has been outsourced to Datacom since 2010/11, with a comprehensive service-level agreement in place since April 2011. This has enabled us to realise significant cost-efficiencies in ICT.

During the year, ICT infrastructure was managed in accordance with all our policies and standards, and service level performance for business systems was within the acceptable range during 2012/13.

Audits, reviews and other work carried out this year indicate we continued to maintain the integrity and availability of authoritative databases to support business outcomes, and complied with government requirements for good security practices.

Regular audit of general ICT controls and ICT technical vulnerabilities identified no significant systemic issues.

We continued to self-review disaster recovery plans for significant applications. A rolling selection of 10 applications is tested annually. Landonline is tested every year.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
53	Revenue Crown	-	54	-
447	Revenue other	449	515	515
500	Total revenue	449	569	515
14,006	Total expenses	13,028	18,829	18,821
(13,506)	Net surplus/(deficit)	(12,579)	(18,260)	(18,306)

This output class includes expenses for the provision of Landonline and operates at a deficit. Revenues to fund these expenses are collected from survey and title services in the

output classes Land and Seabed Data Capture and Processing and Land and Seabed Information Access and Dissemination.

Land and Seabed Information

Access and Dissemination output class

The provision of access to, and dissemination of, information held by LINZ

There is one output in this output class: Provision of Access to Information and Services.

In this output class we ensure the information produced and managed under the Land and Seabed Data Capture and Processing output class (see page 33), is readily available for use and re-use. Figure 11 below describes the key products and services under this output class.

Figure 11

KEY PRODUCTS AND SERVICES UNDER THIS OUTPUT

LINZ Data Service	LINZ Data Service enables free online access to LINZ land and seabed data for use, re-use and sharing through a Creative Commons open licence. Much of LINZ's topographic, hydrographic, survey and title, electoral address and geodetic data is available to browse and download.
Landonline	Landonline provides land professionals with secure online access to the New Zealand titles register and digital cadastre maintained by LINZ. Landonline enables registered users to conduct secure electronic survey and title transactions in real time, automating and speeding up traditional manual processes. Its survey and title lodgement and registration functions can only be accessed by authenticated, registered users to ensure the integrity of the titles register and digital cadastre is maintained at all times.
Navigation charts and hydrographic services	As the National Hydrographic Authority, LINZ produces official nautical charts, available both in paper and electronically ¹⁸ , to aid safe navigation in New Zealand waters and parts of Antarctica and the South-West Pacific. LINZ is the authority charged with collecting and issuing long-range navigational warnings for NAVAREA XIV, a large area of the Pacific ocean.
Maps and topographic services	LINZ produces a wide range of maps covering New Zealand. These include the Topo50 series, which is the official series used by New Zealand's emergency services. The maps are available in printed form or for free download.
LINZ's Geodetic Database	LINZ's Geodetic Database can be used to search for and download information about geodetic marks in New Zealand, the Chatham Islands, and Antarctica.
PositionNZ	PositionNZ is LINZ's Global Positioning System Active Control Network. Through this site you can download GPS 30-second RINEX files from the active control stations, which you can use with remote GPS station data to determine precise positions in terms of New Zealand Geodetic Datum 2000. The New Zealand Active Control Network (PositionNZ) consists of 31 continuously tracking Global Positioning System (GPS) stations at locations across New Zealand, along with two in the Chatham Islands and three in Antarctica.

¹⁸ Electronic Navigational Charts (ENCs) are digital vector charts specifically designed for use in electronic navigational systems on-board ships. The New Zealand Hydrographic Authority within LINZ is responsible for creating and maintaining the official set of ENCs for New Zealand, the South-West Pacific and for Antarctic waters.

KEY PERFORMANCE MEASURES

These are our key measures for demonstrating performance in providing the information and services described in Figure 11:

Performance measure	Standard	Actual performance this year	Performance last year
The rating from survey and title customers on overall ease of using Landonline	3 or better	3.48 (as at Dec 12) ¹⁹	87%
The percentage of survey and title records made available to customers within two working days	90%	92.5%	91.6%
The percentage of printed and digital maps in the Topo50 series available to the public and emergency services	100%	100%	100%
The percentage of hydrographic products and services that meet relevant regulatory standards ²⁰	100%	100%	100%
The percentage of urgent maritime safety information NAVAREA XIV made available to Maritime New Zealand within two business hours ²¹	100%	100%	100%
The percentage of topographic maps and hydrographic charts despatched to the retailer within two working days	100%	86%	100%
The service level availability of the online geodetic network data ²²	95%	98.31%	New measure
The percentage of service levels for availability of the tsunami monitoring network achieved	95%	98.2%	New measure
All data released through the LINZ Data Service complies with Open Data standards, NZGOAL, and is discoverable on a New Zealand data catalogue ^{23, 24}	100%	100%	100%

ADDITIONAL PERFORMANCE INFORMATION

Volumes	Estimate	Actual
The number of Landonline searches undertaken for surveys	112,000 (range 100,800–123,200)	98,926
The number of Landonline searches undertaken for titles	2,671,000 (range 2,404,000–2,938,000)	2,934,882
The number of Electronic Navigational Charts (ENC) and paper navigational charts released	50 (est) (range 45–55)	48

19 This question was discontinued from the LINZ survey of its survey and title customers in December 2012 as it was not considered to be providing useful performance information.

20 The standards referred to are IHO 457 for our hydrographic product database, and IHO S4 and S57 for our navigational charts. For further information on International Hydrographic Organisation standards refer to www.iho.int.

21 The original performance measure has changed from the percentage of urgent maritime safety information NAVAREA XIV provided to the mariner within 2 working days, as LINZ provides the information to Maritime New Zealand for broadcast and has no control over when the information is actually broadcast.

22 These performance measures were in the Estimates of Appropriation a single measure with a 100% standard. To provide clarity on the measure and how the result is calculated, the two components and their agreed SLAs have been included as the target level. The measure had a 100% target and was calculated as being 100% available if it had an uptime of 95%.

23 LINZ is unable to systematically test its compliance against ANZLIC metadata so this has been removed from this measure. LINZ does however expect that all of its data is ANZLIC compliant.

24 From the period 24 July to 20 August checks were not undertaken to validate compliance with this measure.

LINZ Data Service

We continued to add to the functionality of the LINZ Data Service, adding the ability for users to search for data by street address and to download data changed between updates, rather than downloading the whole dataset again.

We also added new data including Antarctic Topo50 data, New Zealand Coastlines and Islands, Authoritative Streets and Places data, Geo-referenced hydro charts, simple LINZ property ownership data and South Island pastoral lease data, Historic NZMS 260 extents, Hydrographic 1:5 million scale vector layers, Canterbury Earthquake Geodetic Marks Dataset and the New Zealand Official Place Names dataset released by the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa.

Use of the LINZ Data Service has continued to grow. As at 1 July 2011, there were 355 users; at 1 July 2012, 2,446 users; and at 1 July 2013, 5,839 users. The total number of downloads has also grown, from 12,351 in 2011/12 to 30,450 in 2012/13.

Evidence of the success of the LINZ Data Service has also come through recognition in industry awards. At the November 2012 Asia Pacific Spatial Excellence Awards, the LINZ Data Service won both the Spatial Enablement category and the highest honour available, the J.K. Barrie Award for Overall Excellence. The LINZ Data Service was also the runner-up at the Australia and New Zealand Internet Awards in October 2012, in the Information category.

Further information on the use of the LINZ Data Service is discussed on pages 12 and 14 in the Year in Review section of this report.

Access to cadastral survey and title information in Landonline

The main customers for cadastral survey and title information are surveyors and lawyers working on behalf of buyers, sellers and land developers. We continued to meet our service targets for Landonline under this output class, and customers remain satisfied with the service provided. Search volumes were broadly in line with estimates, with title searches being at the upper end of the estimate range and survey searches just below the lower

end of the estimated range. Search volumes are demand-driven and reflect fluctuating conditions in the property market.

As discussed on page seven of the Year in Review section, during the year we progressed work on ensuring we can continue to provide high-quality online survey and title access, in a way that meets evolving customer needs.

Access to hydrographic and topographic information

We met all our key obligations and performance targets in providing hydrographic and topographic information as noted in the table on the previous page. We met service level agreements for producing and providing tidal data, and for coverage of the national tsunami monitoring network²⁵. These contribute to the efficient operation of New Zealand ports and management of potential tsunami events by emergency services.

We did not meet a performance target relating to despatch of topographic maps and hydrographic charts to the retail agent (86% despatch in two days against a target of 100%). We maintained good service levels and this will have had minimal adverse effect on customers.

We continued a multi-year process to modernise and streamline our hydrographic processes. We realised \$750,000 in savings in 2012/13 through more efficient storage and distribution of our products, and \$1.7 million in reduced hydrographic survey expenditure. In addition, we are transitioning our hydrographic data infrastructure to enable fully digital data collection and chart production by 2014/15.

Geodetic information services

LINZ's Geodetic Database continues to be one of the most visited pages on our website, and makes up a large portion of overall web traffic. Through the database, we continued to provide highly available, up-to-date geodetic data needed by surveyors and other geospatial specialists. An important achievement during the year was the addition of revised geodetic data for Canterbury, following the re-survey work required by the Canterbury earthquakes.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
1,605	Revenue Crown	926	1,612	959
7,367	Revenue other	7,636	10,137	10,137
8,972	Total revenue	8,562	11,749	11,096
4,730	Total expenses	1,867	4,676	4,781
4,242	Net surplus/(deficit)	6,695	7,073	6,315

25 98.8% of all transmitted data in the tsunami monitoring network reached GNS Science within 30 seconds.

Crown Property Management and Disposal Services output class

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

Under this output class, we deliver management and disposal services for Crown property and a centralised service for Crown property clearances.

We also regulate the acquisition and disposal of land by the Crown, provide technical advice, and acquire properties on an as-required basis.

The activities we perform are wide-ranging and varied: Figure 12 below outlines some key work areas.

Figure 12: Our activities under this output include:

Administering the South Island High Country pastoral leases 1.6 million hectares in total	Inspecting leases, monitoring compliance with lease conditions, and conducting rent reviews and renewals
	Processing requests from lessees to carry out activities outside of pastoral grazing
	Managing tenure review of pastoral leases – tenure review is voluntary and the work complex
Managing 5,000 diverse properties Our portfolio ranges from Crown forest land held for Treaty settlements to land that is a liability to the Crown	Identifying and mitigating risks, and monitoring and investigating non-compliance across our properties
	General maintenance and good financial management of properties
	Establishing and managing tenancies, for example licences for the use of Crown forest land
	Targeting land for disposal where it is beneficial and cost-effective
	Being the Crown Land Centre of Expertise and promoting improved land management across the public sector
Biosecurity	Developing and undertaking an annual programme of biosecurity control works on our properties, such as lakes and river beds
	Collaborating with central and local government agencies and neighbours to ensure we prioritise and target our control works effectively
Treaty settlements Contributing to the Government's Treaty settlements programme and implementing settlements	Providing expert technical advice, negotiating with claimants on Crown land in our portfolio, and arranging valuations for land for transfer
	Implementing settlements – this can take up to five years, depending on the complexities involved
	Entering ongoing management agreements with iwi
Land-related liabilities	Managing approximately 360 land-related liabilities on behalf of the Crown
	Resolving a number of liabilities every year – some cases can take months to years to resolve, depending on the complexities and any legal matters involved
Regulation Regulating the acquisition and disposal of land	Setting standards for Crown agencies and accredited private service-providers for activities under the Public Works Act 1981 and Land Act 1948
	Providing technical advice on Crown property matters

KEY PERFORMANCE MEASURES

These are the key measures of our performance in delivering timely and high-quality Crown land management services:

Performance measure	Standard	Actual performance this year	Performance last year
Pastoral lease and licence management			
The percentage of complaints of non-compliance for which investigation reports are completed within 40 working days	100%	66.6%	New measure
The percentage of reports for decisions about discretionary actions on pastoral land submitted to the Commissioner of Crown lands within 40 working days of receipt	95%	98.5%	95%
The percentage of tenure review proposals produced in a timely manner and any delays appropriately mitigated	100%	100%	95%
The percentage of reports for non-compliance on discretionary action decisions that meet regulatory and statutory requirements ²⁶	100%	100%	100%
The percentage of tenure review decisions that meet regulatory and statutory requirements	100%	100%	100%
Management of Crown land			
The percentage of economically viable properties managed by LINZ that are tenanted or leased	95%	100%	New measure
Maintain or decrease value of aged debtors on a monthly basis	Less than 4% revenue of rents	2.19%	4%
The revenue generated from the sale of properties released for disposal	\$6.0 million (±10%)	\$ 2.7m	\$2.6m
The number of land-related liabilities resolved/settled each year	15 (range 10-30)	16	47
The percentage of land-related liabilities managed in accordance with LINZ's Operating Framework for Investigation and Management of Land Related Liabilities and other government policies	100%	100%	100%
The percentage of LINZ land administration decisions that meet regulatory and statutory requirements	100%	100%	100%
Compliance			
The number of instances of serious non-compliance by property management and biosecurity service providers	0	0	New measure
The percentage of weed and pest management that complies with the LINZ Biosecurity Operational Plan	100%	100%	100%
The rating LINZ receives from its annual satisfaction survey of key biosecurity stakeholders	Average rating of 3 out of 5 or above	3.75	3.6

²⁶ This measure and the one below it report against the Estimates measure: "The percentage of reports for non-compliance discretionary action decisions and proposals for tenure review that meet regulatory and statutory requirements (in its Crown Lands)".

Performance measure	Standard	Actual performance this year	Performance last year
Treaty settlements			
The percentage of LINZ Treaty settlement work that meets regulatory and statutory requirements	100%	N/A No settlements due for completion this year	100%
The Office of Treaty Settlements rating of LINZ in LINZ's annual satisfaction survey	3 out of 5 or better	3.5 out of 5	3.8
Crown property clearance services			
The percentage of property reports and recommendations cleared or responded to within 10 working days	95%	92%	93%
The percentage of statutory decisions that meet regulatory and statutory requirements	100%	100%	100%
The rating that LINZ receives from key acquisition and disposal stakeholders for its timeliness in relation to property acquisitions and disposals ²⁷	Average rating of good or better	Excellent (4.7 out of 5)	New measure

ADDITIONAL PERFORMANCE INFORMATION

Volumes	Estimate	Actual this year
The area of lake bed under active management for aquatic weed control	1,500 hectares (range 1,000–2,000)	1,420
The area of non-pastoral, non-Crown forest land under active management for pest-plant and animal control	60,000 hectares (range 50,000–70,00)	63,744
Items of work undertaken for the Office of Treaty Settlements	60 (range 40–80)	123
The number of properties LINZ makes statutory decisions on for Crown property clearances	3,000 (range 2,500–3,500)	3,232

LINZ manages some 5,000 properties. Of these 53 are economically viable properties returning over \$10,000 in rent per annum. The remaining 4,900 properties have negligible ability to produce economic returns. LINZ tenders out property maintenance contracts to manage the economically viable properties, and 2,200 properties, that have negligible ability to produce economic returns, but require maintaining. In addition to the above properties, LINZ also manages 224 pastoral leases and special leases in the South Island, and 45 Crown Forest Licences. LINZ has obligations across its properties to undertake risk management activities and these are addressed in the compliance section above.

Managing South Island High Country pastoral leases and tenure review

As shown in the table of key measures, we met or exceeded most targets for annual pastoral activities and tenure review management.

The Crown Pastoral Land (Rent for Pastoral Leases) Amendment Act 2012 was enacted in May 2012 and subsequently LINZ worked closely with lessee representatives in developing the framework and rules for administering and setting rents. Seventeen leases have gone through the revaluation process under the new legislation and all were completed within the legislative timeframes.

²⁷ The key stakeholder that LINZ surveyed is the New Zealand Transport Agency (NZTA). The term “and decision-making” was removed from the measure as NZTA only uses timeliness to provide its rating.

Excellent progress has also been made towards resolving rental disputes arising from the previous rental system. Prior to the new system being introduced, there were 143 pastoral lease rent disputes before the Valuation Tribunal. Following implementation of the new system, 127 of these disputes had been resolved by 30 June 2013.

Our pastoral management activities have helped to maintain high levels of compliance on the South Island leases and efficient processing of requests from lessees to undertake discretionary actions, i.e. activities outside of normal pastoral grazing²⁸.

At the start of the year, we introduced a more efficient operating model for tenure review and improvements to our wider pastoral project management. This has helped us to build better relationships with lessees and progress tenure review proposals more efficiently. Nine substantive proposals were put to lessees during 2012/13.

Property management

The key aspects of our performance here include ensuring good financial management, effective monitoring and enforcement of compliance, risk management, and operating successful processes and programmes for granting leases, and for disposals and biosecurity.

The table of key measures on the previous pages shows we achieved all targets in these areas, with one exception. Every year we target properties for disposal where that land can be used more effectively outside the Crown estate and where disposal is cost-neutral or returns a profit to the Crown.

While we had completed \$2.7 million of sales as at 30 June 2013, we had a conditional agreement for sale and purchase of \$1.6 million in place for a property which was subsequently confirmed and sold.

Biosecurity

We are using improved risk management practices to mitigate any potentially adverse impacts arising from changes and monitor the performance of key contractors closely. We found no instances of serious non-compliance by our key service providers in 2012/13.

Wilding conifers pose a significant threat to the environment by spreading prolifically and competing with native flora for sunlight and water. They were originally planted in the 1970s and 1980s for amenity purposes and since then they have spread rapidly and now occupy an estimated 850,000 hectares.

LINZ cleared around 150 hectares between the western shoreline of Lake Pukaki and State Highway 80 in 2012/13 with the aim to return the shoreline to its natural state. For 2013/14 LINZ has identified funding that could be made available to contribute towards the control work carried out by Wakatipu Wilding Conifer Control and has secured \$1.2 million from the Government to control wilding conifers at Mid Dome.

Treaty of Waitangi settlements

A Ministerial priority for LINZ at the start of the year was to contribute to the Government's Treaty settlements programme. We continued to carefully manage and reallocate resources throughout the year to align with the timeframes set by lead agency, the Office of Treaty Settlements (OTS). While we received a much higher volume of requests than anticipated – 123 work items, as opposed to an estimated 60 – we met the timelines of OTS over 94% of the time, against a target of 95%.

A survey of key stakeholders at OTS is a good indicator of our overall performance in this area. As noted in the table of key measures, the overall satisfaction rating we achieved this year from OTS was as 3.5 out of 5.

Crown property clearance services

We carry out expert statutory decision-making over the acquisition and disposal of Crown land by government agencies. We review and sign off all purchases and sales.

The risks to the Crown in this area can be high, so our activities ensure government agencies operating in the property market act in accordance with legislation, Cabinet directives and departmental regulatory standards²⁹.

Our workload in providing the Crown property clearance service was on the high side of our estimated range for the year. This had a minor impact on timeliness. We were just short of our target for clearing or responding to property reports and recommendations, 92% against a target of 95%.

NZTA continues to be our key stakeholder for this work. We received a very high satisfaction rating from NZTA in 2012/13 of 4.7 out of 5.

²⁸ Such as recreational permits.

²⁹ Two notable areas of high risk are compulsory acquisition of land from private owners and offer-back processes to former owners for surplus Crown land under the Public Works Act 1981.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
16,670	Revenue Crown	16,848	16,892	18,180
1,069	Revenue other	1,114	1,504	1,704
17,739	Total revenue	17,962	18,396	19,884
17,526	Total expenses	17,766	18,237	19,886
(213)	Net surplus/(deficit)	196	159	(2)

Land Disposal Services for Other Agencies output class

For costs associated with the disposal and holding of land and improvements that have been reallocated to LINZ for disposal

LAND DISPOSAL SERVICES FOR OTHER AGENCIES

Performance measure	Standard	Actual performance this year	Performance last year
All invoices are processed and paid on time	100%	100%	New measure

ADDITIONAL PERFORMANCE INFORMATION

During 2012/13, LINZ established a Crown Land Centre of Expertise. This output class enabled LINZ to begin taking on surplus Crown land from agencies where management and disposal of land is not core business.

This year, we signed a memorandum of understanding for management and disposal of surplus Department of Corrections land assets, accepted transfer of New Plymouth and Mount Crawford prisons, and began discussions with other Crown agencies with significant land holdings.

Our financial performance

Actual 2012 \$000	Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
- Revenue Crown	-	-	-
- Revenue other	28	-	295
- Total revenue	28	-	295
- Total expenses	28	-	295
- Net surplus/(deficit)	-	-	-

Administration of the Overseas Investment Act 2005 output class

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

There is one output under this output class: the Overseas Investment Office (OIO).

The OIO administers the New Zealand government's overseas investment legislation. The core work of the OIO is to assess applications for consent from overseas persons who want to invest in sensitive New Zealand assets³⁰. The OIO also monitors compliance with conditions of consent and enforces breaches of the Overseas Investment Act 2005. The OIO is a regulatory unit within LINZ staffed by legal professionals.

KEY PERFORMANCE MEASURES

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

Performance measure	Standard	Actual performance this year	Performance last year
The percentage of acceptance by Ministers of recommendations on applications, for those applications requiring Ministerial decision	95%	100%	97.6%
The percentage of accepted applications under active consideration by the Overseas Investment Office that are processed within the timeline specified for each of the following categories:			
• Category 1 applications – 30 working days or less	90%	100%	87%
• Category 2 applications – 50 working days or less	90%	95%	88%
• Category 3 applications – 70 working days or less	90%	100%	71%
The percentage of applications screened for registration within 5 working days of receipt	95%	99%	59%
The percentage of consent monitoring reports assessed within 40 working days of receipt	90%	98%	95%
The percentage of public alerts about potential breaches of consent conditions assessed for possible investigation within 10 working days of receipt	90%	88% ³¹	67%
The percentage of initial investigation reports completed within 60 working days of the investigation beginning	90%	81%	100%

³⁰ The OIO makes a majority of decisions on applications under powers delegated to the Office by relevant Ministers. During 2012/13, 34% of decisions on applications were made by Ministers, with the OIO having provided recommendations on whether consent should be granted. These are usually for complex applications to acquire sensitive land.

³¹ One request fell outside the 10-day period while LINZ awaited third party action.

ADDITIONAL PERFORMANCE INFORMATION

Volumes	Estimated volume	Actual volume this year	Actual volume last year
The quantity of overseas investment applications received for registration	200 (range 175-225)	135	157

The volume of applications received is largely driven by global demand for New Zealand investments. This year, the OIO accepted 135 applications for processing; this is slightly lower than recent volumes.

Aside from the number of applications, other factors determining the OIO's workload included the following:

- 86% percent of the applications decided during 2012/13 involved investors seeking to acquire sensitive land. Most applications of this type require a complex assessment of whether the investment will, or is likely to, benefit New Zealand.
- The OIO also continued to provide information in response to a high number of media requests.

Conditions of consent

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

Quality and timeliness in decision-making

Given the public importance attached to its recommendations and decisions, the OIO continues to prioritise quality analysis. Ministers accepted all of its recommendations on how applications should be decided, as noted in the table of key measures on the previous page³².

We met or exceeded almost all our performance measures. This was a notable improvement on last year. The OIO continued categorising applications by complexity this year. This has provided applicants with greater clarity around processing times.

The only exception was the percentage of initial investigation reports completed within 60 working days of the investigation beginning. Sixteen initial investigation reports were completed this year and the standard was not met for 3 of these. This was due to conflicting workload priorities. Ten of the 16 investigation reports were completed within 10 working days.

As shown in the table of key measures opposite, overall the OIO continued to be timely in its monitoring of all conditions of consent and in investigating public alerts about suspected breaches of the Overseas Investment Act 2005³³.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
-	Revenue Crown	-	-	-
2,771	Revenue other	2,315	2,533	2,533
2,771	Total revenue	2,315	2,533	2,533
2,896	Total expenses	2,945	2,955	2,955
(125)	Net surplus/(deficit)	(630)	(422)	(422)

³² 100% of recommendations to Ministers required no further information or clarification, compared to 97.6% in 2011/12 and 97% in 2010/11.

³³ Examples of suspected breaches are overseas investors buying sensitive land without consent or non-compliance with consent conditions.

Standards and Quality Assurance output class

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

There is one output under this output class: Regulatory Intervention. Here, we manage risks to property rights through regulating land titles, geodetic and cadastral survey, rating valuations and Crown property. Regulation is overseen by statutory officers, and covers both our internal work activity and our external work with stakeholders and customers.

If the statutory officers need to intervene to manage any risks, the tools they use include standards, guidelines and education material. From year to year, the interventions they deliver are both planned (i.e. regular reviews of existing regulation) or priority interventions that arise from legislative activity or the need to mitigate risks in the external environment.

LINZ's statutory officers

The statutory officers who regulate property rights and Crown property are the Registrar-General of Land, Surveyor General, Valuer General, and Commissioner of Crown Lands.

The primary pieces of legislation that give these officers their mandates are the Land Transfer Act 1952, Cadastral Survey Act 2002, Rating Valuations Act 1998, Valuers Act 1948, Land Act 1948 and the Crown Pastoral Land Act 1998.

See page 96 for more on the legislation administered by LINZ.

KEY PERFORMANCE MEASURES

These measures demonstrate our performance in undertaking regular reviews of our regulation and in responding to matters as they arise:

Performance measure	Standard	Actual performance this year	Performance last year
The number of planned reviews of existing regulatory interventions completed	5 (range 2-7)	6	6
The number of significant regulatory interventions, arising from environmental or other factors, completed ³⁴	5 (range 2-8)	8	9
The number of complaints upheld by LINZ about regulatory interventions	0%	0%	New measure
The percentage of planned regulatory frameworks interventions completed in accordance with regulatory frameworks and process project plans	100%	100%	100%

³⁴ Activity information relates to output volume measures that are demand-driven and therefore outside LINZ's control.

As the table opposite notes, all our regulatory efforts were carried out in accordance with robust regulatory frameworks and processes for identifying and managing key risks and for working collaboratively with stakeholders and customers.

In line with the Government's focus on reducing unnecessary regulation, Treasury reviewed our regime and those of 56 other agencies against best practice principles³⁵. LINZ received the highest available rating, offering 'no significant concerns'.

Other supporting indicators of our ongoing regulatory effectiveness include the following:

- we received no complaints in response to the interventions delivered this year, and
- we continued to maintain the overall number of regulatory documents below a total of 90³⁶.

ADDITIONAL PERFORMANCE INFORMATION

Our annual regulatory work programme continued to operate around the principle of regulating as much as necessary to mitigate risks to property rights and Crown land, and as little as possible so that the compliance burden on business is minimised.

A significant focus was finalising the review of the 2010 Rules for Cadastral Survey (this was undertaken in 2011/12 in response to feedback from surveyors and the issues surveyors are facing in Canterbury). Following consultation, Amended Rules for Cadastral Survey 2010 came into force on 1 January 2013. These incorporated requirements relating to the survey of boundaries affected by earth movement. An interim guide to these amended Rules was published on 6 December 2012. Case-by-case advice on these matters is provided as required.

The Registrar-General of Land has published registration guidelines for six legislated Treaty settlements in 2012/13, which will assist LINZ's future Treaty settlement work. LINZ has also worked with the Māori Land Court to develop options for electronic registration of Māori Land Court Orders.

The Surveyor-General provided a draft *Guideline on aspects of survey requirements applicable to Māori land surveys* to the Māori Land Court for consideration. This work will enable the Māori Land Court to undertake improved decision-making.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
1,071	Revenue Crown	1,155	1,322	1,191
1,078	Revenue other	1,550	2,318	2,518
2,149	Total revenue	2,705	3,640	3,709
6,850	Total expenses	6,407	7,162	7,587
(4,701)	Net surplus/(deficit)	(3,702)	(3,522)	(3,878)

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

³⁵ Principles included that regulatory regimes should be growth-supporting, proportional, flexible and durable, and transparent.

³⁶ In comparison, 7 years ago before we began the move to a regulatory regime based around managing risks, we had a total of 291 regulatory documents.

Ocean Survey 20/20 Programme output class

Undertaking initiatives within the Ocean Survey 20/20 Programme.

There is one output under this output class: Ocean Survey 20/20. Ocean Survey 20/20 is a comprehensive programme of ocean and coastal survey activity. It aims to provide New Zealand with better knowledge about its ocean territory, which is the fourth-largest exclusive economic zone in the world.

LINZ coordinates the programme and this output pays for survey initiatives within it. The areas covered under the programme are New Zealand's exclusive economic zone, continental shelf and the Ross Sea region in Antarctica.

KEY PERFORMANCE MEASURES

Performance measure	Standard	Actual performance this year	Performance last year
The number of Ocean Survey 20/20 surveys undertaken	1 (range 1-3)	2	3
The percentage of Ocean Survey 20/20 survey results that meet the deliverables specified in the service delivery contract	100%	100%	New measure

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
3,798	Revenue Crown	2,161	2,792	2,168
3,798	Total revenue	2,161	2,792	2,168
3,798	Total expenses	2,161	2,792	2,168
-	Net surplus/(deficit)	-	-	-

Policy Advice and Related Services MCOA

There are two output classes grouped together in this appropriation:

- Ministerial Services, Appointments, Implementation and Operational Policy
- Policy Advice on Matters Relating to Land, Property and Geospatial Information.

In response to the review of central government policy advice, we have reformed this output class into a new multi-class output appropriation. This appropriation divides our activities and related expenses more clearly into provision of policy advice that supports decision-making by Ministers, and provision of advice on implementing decisions and other related services. This new structure came into effect in 2012/13.

KEY PERFORMANCE MEASURES

These measures illustrate our performance in providing timely and high-quality services:

Performance measure	Standard	Actual performance this year	Performance last year
Ministerial Services, Appointments, Implementation and Operational Policy			
The percentage of non-policy advice items (including Ministerials, accountability documents, board appointments and operational policy) accepted by the Minister without substantive amendment to the underlying rationale	90%	100%	New measure
The percentage of draft responses to Ministerials processed within 10 working days, or by a date agreed with the Minister's Office	100%	100%	100%
The percentage of draft responses to Parliamentary questions processed within deadlines	100%	100%	100%
Policy Advice			
The percentage of draft Cabinet papers accepted by the Minister without substantive amendment to the underlying policy	90%	100%	100%
The percentage of policy advice briefings accepted by the Minister without substantive amendment to the underlying policy	90%	100%	New measure

ADDITIONAL PERFORMANCE INFORMATION

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

LINZ has been working on two significant pieces of legislation: the Land Transfer Bill and the Public Works Act 1981. Good progress has been made drafting the Land Transfer Bill which clarifies, consolidates and modernises the existing three land transfer pieces of legislation into one modern comprehensive piece of legislation. The Bill is on track for introduction to Parliament in 2014.

The second major piece of legislation we have been involved in is developing proposals to improve the Public Works Act 1981. This is expected to be included in the 2013 Resource Management Reform Bill that is expected to progress through Parliament in late 2013.

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

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

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
2,413	Revenue Crown	2,884	2,546	2,997
-	Revenue other	-	-	-
2,413	Total revenue	2,884	2,546	2,997
2,413	Total expenses	2,884	2,546	2,997
-	Net surplus/(deficit)	-	-	-

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

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

The sole output in this output class, Official Place Names, provides for the activities of the Board, which is a statutory body appointed by government. The Board is responsible for official place naming in New Zealand. Its activities include considering proposals from the public and other sources to assign, alter, approve, adopt, validate, or discontinue official names. The Board also considers name proposals for Treaty of Waitangi settlements.

LINZ administers the 2008 Act and Board funding.

KEY PERFORMANCE MEASURES

Here are the key measures of the Board's performance:

Performance measure	Standard	Actual performance this year	Performance last year
The percentage of Treaty and non-Treaty geographic official name proposals considered by the Board in accordance with legislation, protocols and policy	100%	100%	100%
The percentage of public consultation on non-Treaty official geographic name proposals carried out in accordance with legislation, protocols and policy	100%	100%	100%
The percentage of responses to public consultation on non-Treaty official geographic name proposals, which are received within the consultation period, that are considered by the Board at its next scheduled meeting	95%	100%	100%

ADDITIONAL PERFORMANCE INFORMATION

Volumes	Estimated volumes	Actual volume this year	Actual volume last year
The number of non-Treaty settlement geographic name proposals considered	150 (range 100-200)	216	214
The number of Treaty settlement geographic name proposals considered	160 (range 100-200) ³⁷	69	120
The number of items of work requested by the Office of Treaty Settlements	60 (range 40-80)	89	New data collection

You can read more about the NZGB's performance in the summary of its annual report on pages 97-98.

³⁷ There were only 69 Treaty settlement names provided by OTS for consideration. This provided the Board with the capacity to consider an increased number of non-Treaty names.

Our financial performance

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
1,373	Revenue Crown	1,392	1,432	1,404
-	Revenue other	-	-	-
1,373	Total revenue	1,392	1,432	1,404
1,373	Total expenses	1,392	1,432	1,404
-	Net surplus/(deficit)	-	-	-

Non-departmental output expenses

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

There is one non-departmental output expense:
Contaminated Sites.

The objective of this appropriation is to:

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

Non-departmental output expenses		
Contaminated Sites	Full year result	Full Year Standard/ Comment
Contracts for investigation, analysis and remediation action are let by competitive tender	N/A	100%
Monitoring reports are provided to the relevant regional councils	100%	100%
Changes in results of conditions on sites being monitored are investigated	100%	100%



Financial statements

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

Actual 2012 \$000		Note	Actual 2013 \$000	Main Estimates (note 2) 2013 \$000	Supplementary Estimates (note 2) 2013 \$000
Income					
47,680	Revenue Crown	3	43,932	47,430	48,359
64,702	Revenue other	3	70,551	63,331	74,226
112,382	Total income		114,483	110,761	122,585
Expenditure					
36,195	Personnel costs	4	38,792	35,872	40,195
5,487	Depreciation and amortisation	9, 10	3,698	5,729	5,975
4,350	Capital charge	5	5,006	2,950	5,056
594	Restructuring costs		(552)	461	101
50,648	Other operating expenses	6	47,904	53,963	52,662
97,274	Total expenditure		94,848	98,975	103,989
15,108	Net surplus/(deficit) and total comprehensive income		19,635	11,786	18,596

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

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

Actual 2012 \$000		Note	Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
Assets					
Current assets					
5,849	Cash and cash equivalents		9,396	11,303	5,955
8,889	Trade and other receivables	7	8,122	12,723	11,490
420	Prepayments		1,255	528	420
674	Inventory	8	520	1,011	674
15,832	Total current assets		19,293	25,565	18,539
Non-current assets					
34,659	Intangibles-software	10	34,104	38,071	34,074
3,120	Capital work in progress	11	449	-	-
37,779	Total intangibles-software		34,553	38,071	34,074
4,340	Property, plant and equipment	9	3,793	5,565	3,835
42,119	Total non-current assets		38,346	43,636	37,909
57,951	Total assets		57,639	69,201	56,448
Liabilities					
Current liabilities					
9,442	Trade and other payables	12	9,707	6,404	7,043
983	Provisions	13	170	10,156	983
3,480	Employee entitlements	14	3,496	4,922	3,368
-	Deferred revenue		364	166	-
13,905	Total current liabilities		13,737	21,648	11,394
Non-current liabilities					
2,506	Employee entitlements	14	2,728	2,442	2,618
2,506	Total non-current liabilities		2,728	2,442	2,618
16,411	Total liabilities		16,465	24,090	14,012
41,540	Net assets		41,174	45,111	42,436
Taxpayers' funds					
67,933	General funds		48,030	45,111	42,436
(26,393)	Memorandum accounts	22	(6,856)	-	-
41,540	Total taxpayers' funds	15	41,174	45,111	42,436

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

STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For the year ended 30 June 2013

Actual 2012 \$000	Note	Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
40,647	Balance as at 1 July	41,540	42,075	41,540
15,108	Total comprehensive income/(expense)	19,635	11,786	18,596
(14,000)	Capital repayment	(20,000)	(8,750)	(17,700)
(215)	Other movements	(1)	-	-
41,540	Balance as at 30 June	41,174	45,111	42,436

STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

Actual 2012 \$000	Note	Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
Cash flows from operating activities				
48,126	Receipts from the Crown	43,912	42,678	43,359
791	Receipts from other Departments	1,404	1,412	1,173
60,225	Receipts from revenue other	69,994	61,735	73,170
(50,782)	Payments to operating suppliers	(46,422)	(53,151)	(50,601)
(37,052)	Payments to employees	(39,769)	(36,961)	(42,474)
(4,581)	Payments for capital charge	(5,006)	(2,950)	(5,056)
600	Goods and Services Tax (net)	(70)	-	-
17,327	Net cash flows from operating activities	24,043	12,763	19,571
Cash flows from investing activities				
-	Receipts from sale of property, plant and equipment	-	-	-
(3,057)	Purchase of property, plant and equipment	(3)	-	-
(2,965)	Purchase of intangible assets	(493)	(6,120)	(1,765)
(6,022)	Net cash flows from investing activities	(496)	(6,120)	(1,765)
Cash flows from financing activities				
-	Capital contribution	-	-	-
(14,000)	Capital repayment	(20,000)	(12,884)	(17,700)
(14,000)	Net cash flows from financing activities	(20,000)	(12,884)	(17,700)
(2,695)	Net increase/(decrease) in cash and cash equivalents	3,547	(6,241)	106
8,544	Cash and cash equivalents at the beginning of the year	5,849	17,544	5,849
5,849	Cash at end of year	9,396	11,303	5,955

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

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

STATEMENT OF COMMITMENTS

As at 30 June 2013

Non-cancellable operating lease commitments

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

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

The leases typically run for a period of three years for office equipment and 15 years for buildings, with an option to renew the lease after that date. In the case of leased buildings, lease payments are increased on renewal to reflect market rentals. None of the leases include contingent rentals.

During the year ended 30 June 2013, \$2.8 million was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2012: \$3.2 million). \$0.011 million was recognised as income in the Statement of Comprehensive Income in respect of sub-leases (2012: \$0.022 million).

Actual 2012 \$000		Actual 2013 \$000
Non-cancellable operating lease commitments		
2,761	Not later than 1 year	2,770
13,841	Later than 1 year and not later than 5 years	11,081
16,602	Total non-cancellable operating lease commitments	13,851

STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2013

Quantifiable contingent liabilities

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

Actual 2012 \$000		Actual 2013 \$000
2,887	Legal proceedings and disputes	400
2,887	Total contingent liabilities	400

Legal proceedings and disputes

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

Contingent assets

The Department has no contingent assets (2012: nil).

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

STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For the year ended 30 June 2013

Expenditure actual 2012 \$000		Expenditure actual 2013 \$000	Appropriations voted* 2013 \$000	Variance favourable/ (unfavourable) \$000
Appropriations for output expenses				
2,413	Policy Advice	2,525	2,597	72
-	Ministerial Services, Appointments, Implementation and Operational Policy	359	400	41
6,850	Standards and Quality Assurance	6,407	7,587	1,180
43,682	Land and Seabed Data Capture and Processing	46,167	51,799	5,632
14,006	Land and Seabed Information Storage and Management	13,028	18,821	5,793
4,730	Land and Seabed Information Access and Dissemination	1,867	4,781	2,914
17,526	Crown Property Management and Disposal Services	17,766	19,886	2,120
3,798	Ocean Survey 20/20 Programme	2,161	2,168	7
1,373	Administration of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008	1,392	1,404	12
-	Location-based Information for the Rebuild of Canterbury	203	1,384	1,181
-	Land Disposal Services for Other Agencies	28	295	267
2,896	Administration of the Overseas Investment Office	2,945	2,955	10
97,274	Total appropriations for output expenses	94,848	114,077	19,229
Appropriations for capital expenditure				
6,381	Capital expenditure	870	1,765	895
6,381	Total appropriations for capital expenditure	870	1,765	895

* Includes adjustments made in the Supplementary Estimates.

STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

For the year ended 30 June 2013

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

Nil.

Expenses and capital expenditure incurred in excess of appropriation

Nil.

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

The in-year breach relates to expenditure incurred by LINZ prior to it being approved in the March Baseline update. The paper prepared by Treasury establishing this appropriation omitted reference to the need for this to be met from imprest supply. This would have enabled the expenditure to be incurred prior to approval in the March Baseline update. There was no breach at year end, this was a timing difference only.

Breaches of projected net asset schedules

Nil.

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

NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

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

These financial statements of LINZ are for the year ended 30 June 2013. The financial statements were authorised for issue by the Chief Executive on 30 September 2013.

Basis of preparation

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

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

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

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

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

Changes in accounting policies

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

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

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on classification and measurement of financial assets has been completed and has been published in a new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its

financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Department has not yet assessed the effect of the new standard and expects it will not be early adopted.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Department is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Department expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Department is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

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.

Financial instruments

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

Cash and cash equivalents

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

Trade and other receivables

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

Foreign currency transactions

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

Inventories

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

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

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

Property, plant and equipment

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

Subsequent costs

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

Depreciation

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

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

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

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

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

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

Capital work in progress

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

Amortisation

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

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

Impairment of non-financial assets

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

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

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

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

Trade and other payables

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

Employee entitlements

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

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

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

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

	2012	2013
Long-term discount rate	6.00%	5.50%
Salary inflation rate	3.50%	3.50%

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

A provision is recognised when the Department has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future 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 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.

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

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

The Department revised its cost allocation calculations during the 2011/12 financial year.

Critical accounting estimates and assumptions

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

Retirement, sick and long service leave

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

Reinstatement provision

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

Severance provision

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

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

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

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

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

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

2. BUDGET COMPOSITION

	2013 Main Estimates \$000	2013 Supplementary Estimates changes \$000	2013 Budget total \$000
Income			
Revenue Crown	47,430	929	48,359
Revenue other	63,331	10,895	74,226
Total income	110,761	11,824	122,585
Expenditure			
Depreciation and amortisation	5,729	246	5,975
Capital charge	2,950	2,106	5,056
Other operating expenses	90,296	2,662	92,958
Total expenditure	98,975	5,014	103,989
Net surplus/(deficit)	11,786	6,810	18,596

Explanations of major changes in the Supplementary Estimates:

Revenue Crown

Revenue Crown was increased in the Supplementary Estimates primarily due to the transfer of Crown appropriation (and hence revenue Crown) from the 2011/12 financial year and additional funding relating to the rebuild of Canterbury.

Revenue other

Revenue other was increased in the Supplementary Estimates due to a faster than expected upturn in the economy, increasing survey and title operation volumes.

Other operating expenditure

Other operating expenses have increased due to additional expenditure for the rebuild of Canterbury and expense transfers from the 2011/12 financial year.

3. REVENUE

Actual 2012 \$000		Actual 2013 \$000
Crown revenue		
2,413	Crown – Policy Advice	2,525
-	Crown – Ministerial Services, Appointment, Implementation and Operational Policy	359
1,071	Crown – Standards and Quality Assurance	1,155
20,697	Crown – Land and Seabed Data Capture and Processing	18,363
53	Crown – Land and Seabed Information Storage and Management	-
1,605	Crown – Land and Seabed Information Access and Dissemination	926
3,798	Crown – Ocean Survey 20/20 Programme	2,161
16,670	Crown – Property Management and Disposal Services	16,848
-	Crown – Location-based Information for the Rebuild of Canterbury	203
1,373	Crown – New Zealand Geographic Board	1,392
47,680	Total Crown revenue	43,932
Other revenue		
1,039	Crown property clearances fees	1,092
10	Electoral support services	2
690	Licence and sign-up fees	717
1,379	Miscellaneous	1,004
2,771	Overseas Investment Office applications	2,315
1,589	Rating valuation audit charge	1,767
13,158	Search fees	13,907
8	Sub-leased revenue	11
5,761	Survey fees	6,376
38,297	Titles fees	43,360
64,702	Total other revenue	70,551

4. PERSONNEL COSTS

Actual 2012 \$000		Actual 2013 \$000
33,926	Salaries and wages	36,530
589	Contract employees	338
171	ACC levies	186
1,166	Contributions to defined contribution plans	1,260
343	Increase/(decrease) in employee entitlements	478
36,195	Total personnel costs	38,792

5. CAPITAL CHARGE

The Department pays a capital charge to the Crown based on its taxpayers' funds excluding memorandum accounts as at 30 June of the previous financial year and 31 December of the current financial year. The capital charge rate for the year ended 30 June 2013 is 8.0% (2012: 8.0%). Changes to

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

6. OTHER OPERATING EXPENSES

Actual 2012 \$000		Actual 2013 \$000
	Fees to Ernst & Young:	
193	• Audit fees for the financial statement audit	212
-	• Consultancy fees	12
3,239	Leasing and renting costs	2,799
6,326	Other operating costs	6,059
544	Net loss on disposal of property, plant and equipment	570
42	Provision for doubtful debts	(2)
7,578	Professional services	9,068
10,403	Contracts for topography/hydrography	8,303
12,363	Computer operating costs	11,444
9,912	Crown property services	9,439
50,648	Total other operating expenses	47,904

7. TRADE AND OTHER RECEIVABLES

Actual 2012 \$000		Actual 2013 \$000
8,944	Debtors to non-related parties	8,175
(55)	Less: provision for doubtful debts	(53)
8,889	Net debtors	8,122
-	Monies receivable from the Crown	-
8,889	Total trade and other receivables	8,122

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 2013, the Department has identified no debtors (2012: nil) that are insolvent.

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

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

Actual 2012 \$000		Actual 2013 \$000
13	Balance as at 1 July	55
42	Additional provisions made during the year (see note 6)	(2)
-	Reversal of unused provisions (see note 6)	-
-	Receivables written off during the period	-
55	Balance as at 30 June	53

As at 30 June 2013 and 2012, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2012			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	5,848	-	5,848	6,178	-	6,178
Past due 1-30 days	2,062	-	2,062	1,371	-	1,371
Past due 31-60 days	507	-	507	189	-	189
Past due 61-90 days	527	(55)	472	437	(53)	384
Total	8,944	(55)	8,889	8,175	(53)	8,122

8. INVENTORY

Actual 2012 \$000	Actual 2013 \$000
674 Stock held for sale	520
- Work in progress	-
674 Total inventory	520

The amount of inventory held for distribution carried at current replacement costs as at 30 June 2013 is nil (2012: nil).

The write-down of inventory held for distribution amounted to \$6,000 (2012: \$149,000). There have been no reversals of write-downs (2012: nil).

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

No inventory has been pledged as security for liabilities (2012: nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$000	Motor vehicles \$000	Computer hardware \$000	Plant and equipment \$000	Furniture and fittings \$000	Total \$000
Cost						
Balance as at 1 July 2011	4,116	35	4,655	203	668	9,677
Additions	3,057	-	-	-	-	3,057
Disposals	(3,035)	-	(2,281)	(74)	(82)	(5,472)
Balance as at 30 June 2012	4,138	35	2,374	129	586	7,262
Balance as at 1 July 2012	4,138	35	2,374	129	586	7,262
Additions	-	-	-	3	-	3
Disposals	-	-	(1,229)	-	-	(1,229)
Balance as at 30 June 2013	4,138	35	1,145	132	586	6,036
Accumulated depreciation and impairment losses						
Balance as at 1 July 2011	3,100	35	2,619	146	278	6,178
Depreciation charge for the year	220	-	147	57	44	468
Eliminate on disposal	(3,025)	-	(592)	(74)	(33)	(3,724)
Balance as at 30 June 2012	295	35	2,174	129	289	2,922
Balance as at 1 July 2012	295	35	2,174	129	289	2,922
Depreciation charge for the year	452	-	63	1	34	550
Eliminate on disposal	-	-	(1,229)	-	-	(1,229)
Balance as at 30 June 2013	747	35	1,008	130	323	2,243
Carrying amounts						
As at 1 July 2011	1,016	-	2,036	57	390	3,499
As at 30 June 2012 and 1 July 2012	3,843	-	200	-	297	4,340
As at 30 June 2013	3,391	-	137	2	263	3,793

Impairment

There has been no impairment to property, plant and equipment during the financial year (2012: nil).

10. INTANGIBLES – ACQUIRED SOFTWARE ASSETS

Actual 2012 \$000		Actual 2013 \$000
80,211	Balance as at 1 July	82,472
3,588	Additions	3,538
(1,327)	Disposals	(5,683)
82,472	Balance as at 30 June	80,327
Amortisation and impairment losses		
43,810	Balance as at 1 July	47,813
5,019	Amortisation expense	3,148
(1,016)	Eliminate on disposal	(4,738)
47,813	Balance as at 30 June	46,223
34,659	Total acquired software	34,104
Carrying amounts		
	As at 1 July 2011	36,401
	As at 30 June 2012 and 1 July 2012	34,659
	As at 30 June 2013	34,104

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 2012 \$000	Remaining amortisation period	Carrying 2013 \$000	Remaining amortisation period
30,615	Between 1 and 15 years* Landonline	28,400	Between 1 and 14 years*

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

* Conversion cost components have an indefinite useful life.

11. CAPITAL WORK IN PROGRESS

Actual 2012 \$000		Actual 2013 \$000
2,122	Balance as at 1 July	3,120
6,617	Additions	871
(5,260)	Work in progress capitalised to property, plant and equipment	(3,542)
(359)	Write-offs	-
3,120	Balance as at 30 June	449

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

12. TRADE AND OTHER PAYABLES

Actual 2012 \$000	Actual 2013 \$000
5,699 Creditors and accrued expenses	5,588
211 ACC levy payable	276
1,133 GST, FBT and PAYE payable	1,353
2,399 Creditor Crown	2,490
9,442 Total trade and other payables	9,707

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

13. PROVISIONS

Actual 2012 \$000	Actual 2013 \$000
983 Severance/restructure provision	170
983 Total provisions	170

	Reinstatement provision \$000	Severance provision \$000	Total \$000
2012			
Balance as at 1 July 2011	600	1,102	1,702
Additional provisions made during the year	-	547	547
Charge against provision for the year	(600)	(666)	(1,266)
Balance as at 30 June 2012	-	983	983
2013			
Balance as at 1 July 2012	-	983	983
Additional provisions made during the year	-	102	102
Charge against provision for the year	-	(278)	(278)
Unused amounts reversed during the year	-	(637)	(637)
Balance as at 30 June 2013	-	170	170

Severance provision

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

14. EMPLOYEE ENTITLEMENTS

Actual 2012 \$'000		Actual 2013 \$'000
Current employee entitlements are represented by:		
112	Vested long service leave	131
2,345	Vested annual leave	2,515
118	Accrued sick leave	82
905	Accrued salaries and wages	768
3,480	Total current employee benefits	3,496
Non-current employee entitlements are represented by:		
204	Vested retirement leave	299
2,302	Non-vested long service and retirement leave	2,429
2,506	Total non-current employee benefits	2,728
5,986	Total employee entitlements	6,224

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

Any changes in these assumptions will impact on the carrying amount of the liability.

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

15. EQUITY

Actual 2012 \$'000		Actual 2013 \$'000
Taxpayers' funds		
40,647	Balance as at 1 July	41,540
15,108	Net surplus/(deficit)	19,635
-	Capital contribution from the Crown	-
41,060	Transfer of memorandum account opening balance	-
(14,667)	Surplus allocated to memorandum account	-
-	Memorandum account balance	6,856
(14,000)	Capital repayment to the Crown	(20,000)
(215)	Other movements	(1)
67,933	Balance as at 30 June	48,030
Memorandum accounts		
-	Opening balance 1 July	(26,393)
(41,060)	Capital injection for memorandum account opening balances	-
14,667	Net memorandum account surpluses/(deficits) for the year	19,537
(26,393)	Balance as at 30 June	(6,856)
Revaluation reserves		
-	As at 1 July	-
-	Revaluation gains/(losses)	-
-	Transfer to general funds on disposal	-
41,540	Total equity	41,174

LINZ made capital repayments of \$20 million in 2012/13 in order to repay capital contributions received in the past to fund third party activities (to fund LINZ's memorandum account deficit).

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

Actual 2012 \$000		Actual 2013 \$000
15,108	Net surplus/(deficit)	19,635
	Add back non-cash items:	
468	Depreciation and assets written off	550
5,019	Amortisation of intangibles	3,148
-	Non-current employee entitlements	222
5,487	Total non-cash items	3,920
	Add back items classified as investing activity	
544	Net loss/(gain) on sale of property, plant and equipment	570
	Movements in working capital	
337	(Increase)/decrease in inventory	154
(3,418)	(Increase)/decrease in receivables	767
108	(Increase)/decrease in prepayments	(835)
(197)	Increase/(decrease) in payables	629
(719)	Increase/(decrease) in provisions	(813)
77	Increase/(decrease) in employee entitlements	16
(3,812)	Net movements in working capital	(82)
17,327	Net cash inflow/(outflow) from operating activities	24,043

17. RELATED PARTY INFORMATION

Identity of related parties

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

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, 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 a post-employment defined contribution plan on their behalf.

Key management personnel are the members of the Senior Leadership Team. The Senior Leadership Team consists of 5 General Managers and 1 Chief Executive (2012: 5 General Managers and 1 Chief Executive).

Remuneration

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

Actual 2012 \$000		Actual 2013 \$000
1,554	Salaries and other short-term employee benefits	1,647
1,554	Total key management personnel compensation	1,647

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

18. EVENTS AFTER THE BALANCE SHEET DATE

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

19. FINANCIAL INSTRUMENT RISKS

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

Credit risk

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

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

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

Fair value

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

Interest rate risk

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

Liquidity risk

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

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

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

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

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
2012				
Creditors and other payables (see note 12)	9,442	-	-	-
2013				
Creditors and other payables (see note 12)	9,707	-	-	-

20. CATEGORIES OF FINANCIAL INSTRUMENTS

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

Carrying amount 2012 actual \$000	Fair value 2012 actual \$000	Note	Carrying amount 2013 actual \$000	Fair value 2013 actual \$000
Loans and other receivables				
5,849	5,849	Cash and cash equivalents	9,396	9,396
8,889	8,889	Trade and other receivables	7	8,122
14,738	14,738	Total loans and other receivables	17,518	17,518
Financial liabilities measured at amortised cost				
5,699	5,699	Trade and other payables	12	5,588

Estimation of fair values analysis

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

Trade and other receivables/payables

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

21. CAPITAL MANAGEMENT

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

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

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

22. MEMORANDUM ACCOUNTS

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

LANDONLINE – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2013

Actual 2012 \$000		Actual 2013 \$000
(40,060)	Balance as at 1 July	(25,544)
	Income	
58,033	Operating revenue	64,612
	Expenses	
43,517	Operating expenses	44,653
14,516	Net surplus/(deficit)	19,959
(25,544)	Balance as at 30 June	(5,585)

OVERSEAS INVESTMENT OFFICE (OIO) – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2013

Actual 2012 \$000		Actual 2013 \$000
(1,000)	Balance as at 1 July	(1,125)
	Income	
2,771	Income from OIO applications	2,315
	Expenses	
2,896	Expenses from OIO operations	2,945
(125)	Surplus/(deficit) for the period	(630)
(1,125)	Balance as at 30 June	(1,755)

CROWN PROPERTY CLEARANCES – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2013

Actual 2012 \$000		Actual 2013 \$000
-	Balance as at 1 July	276
Income		
1,039	Operating revenue	1,092
Expenses		
763	Operating expenses	884
276	Surplus/(deficit) for the period	208
276	Balance as at 30 June	484

23. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

Revenue Crown

Actual revenue Crown is less than Main Estimates by \$3.498 million and Supplementary Estimates by \$4.427 million as a result of approved Crown-funded expense transfers to 2013/14.

Revenue other

Revenue other forecasts were raised significantly from the Main Estimates due to the continued growth of survey and title transactions. Actual revenue was less than Supplementary Estimates forecast by \$3.675 million as low numbers of houses coming on the market slowed survey and title transaction and revenue growth.

Other operating expenditure

Other operating expenses are \$6.059 million below the Main Estimates budget due to expense transfers to 2013/14 and a more accurate forecast of third party costs.

LINZ AS AN AGENT OF THE CROWN

NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2013

SUMMARY OF NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
31,232	Operating revenue and receipts	68,364	22,230	41,293
26,906	Capital revenue and receipts	58,478	6,000	145,153
26,435	Operating expenses	65,814	23,251	36,601
3,092	Capital expenses	26,357	11,767	136,888
431,752	Assets	502,589	485,446	426,360
38,504	Liabilities	68,222	46,648	39,196

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

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

These non-departmental balances are consolidated into the Financial Statements of the Government. Therefore, readers of these statements and schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2013.

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 2013.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2013

Actual 2012 \$000		Expenditure before remeasurements 2013 \$000	Remeasurements 2013 \$000	Expenditure actual 2013 \$000	Appropriation Voted* 2013 \$000	Variance favourable/ (unfavourable) 2013 \$000
Appropriations for output classes to be supplied by other parties						
137	Contaminated Sites	83	-	83	500	417
137	Total	83	-	83	500	417
Appropriations for other expenses to be incurred by the Crown						
-	Bad and doubtful debts	5	-	5	25	20
312	Crown forest management	186	-	186	500	314
1,058	Crown rates	1,003	-	1,003	1,157	154
373	Depreciation and amortisation	361	-	361	393	32
226	Land liabilities	1,546	(1,221)	325	843	518
(403)	Residual Crown leasehold rents	1,071	(193)	878	543	(335)
24,559	Proceeds from sale of Transit NZ properties	55,276	-	55,276	30,000	(25,276)
-	Soil Conservation Reserve Management	92	-	92	300	208
26,125	Total	59,540	(1,414)	58,126	33,761	(24,365)
Appropriations for capital investment relating to loans issued by the Crown						
-	Loans for Crown pastoral lease holders	-	-	-	500	500
-	Total	-	-	-	500	500
Appropriations for purchase of capital assets by the Crown						
316	Crown acquisitions - Huntly East	357	-	357	1,044	687
-	Crown Purchase: Land Exchanges	55	-	55	56	1
316	Total	412	-	412	1,100	688
26,578	Total appropriations for the year	60,035	(1,414)	58,621	35,861	(22,760)

* Includes adjustments made in the Supplementary Estimates.

** Transit New Zealand became part of the New Zealand Transport Agency (NZTA). LINZ appropriations continue to refer to Transit New Zealand. This will be updated when possible to reflect the new agency's name.

STATEMENT OF NON-DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

For the year ended 30 June 2013

Actual 2012 \$000		Expenditure before remeasurements 2013 \$000	Remeasurements 2013 \$000	Expenditure actual 2013 \$000	Appropriation Voted* 2013 \$000	Variance favourable/ (unfavourable) 2013 \$000
Appropriations for other expenses to be incurred by the Crown						
(403)	Residual Crown leasehold rents	1,071	(193)	878	543	(335)
24,559	Proceeds from sale of Transit NZ properties	55,276	-	55,276	30,000	(25,276)
24,156	Total	56,347	(193)	56,154	30,543	(25,611)

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 2013.

STATEMENT OF NON-DEPARTMENTAL MULTI-YEAR APPROPRIATION

For the year ended 30 June 2013

The Statement of Non-Departmental Multi-Year Appropriation (MYA) details capital expenditure for the periods 2011/12 to 2012/13 against appropriations. The Department administers these appropriations on behalf of the Crown.

Purchase or development of capital assets by the Crown

	2012 \$000	2013 \$000
Land tenure reform acquisitions		
Original appropriation	32,001	42,578
Cumulative adjustments	10,577	284,128
Total adjusted appropriation	42,578	326,706
Cumulative actual expenditure 1 July	-	2,776
Current year actual expenditure	2,776	25,945
Cumulative actual expenditure 30 June	2,776	28,721
Appropriation remaining 30 June	39,802	297,985

SCHEDULE OF NON-DEPARTMENTAL INCOME

For the year ended 30 June 2013

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
Operating revenue				
31,154	Sale of goods and services	65,031	22,198	38,160
78	Other operational revenue	3,333	32	3,133
31,232	Total non-departmental operating revenue	68,364	22,230	41,293

SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

For the year ended 30 June 2013

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
Capital receipts				
25,613	Property sales	37,139	6,000	39,000
1,293	Land tenure reform sales	21,339	-	106,153
26,906	Total non-departmental capital receipts	58,478	6,000	145,153

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

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2013.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2013

Actual 2012 \$000		Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
Operating expenses				
137	Non-departmental output classes	83	500	500
Other expenses to be incurred by the Crown				
373	Depreciation and amortisation	361	393	393
685	Rental and leasing costs	878	156	136
-	Debts write-off/(recovered)	5	25	25
(1,825)	(Gain)/loss on revaluation of agricultural assets	2,976	-	-
(991)	Loss/(gain) on sale of properties	(707)	-	-
968	Remeasurements	(1,414)	387	407
2,445	GST input expense	4,196	2,340	2,340
24,643	Other operating expenses	59,436	19,450	32,800
26,435	Total non-departmental operating expenses	65,814	23,251	36,601
Capital expenses				
316	Property purchases	357	1,100	1,044
2,776	Land tenure reform purchases	25,945	10,667	135,288
-	Loans for Crown pastoral lease holders	-	-	500
-	Land Exchanges	55	-	56
3,092	Total non-departmental capital expenses	26,357	11,767	136,888

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2013

Actual 2012 \$000	Note	Actual 2013 \$000	Main Estimates 2013 \$000	Supplementary Estimates 2013 \$000
Assets				
Current assets				
9,565	Cash and cash equivalents	32,238	8,596	19,690
5,106	Trade and other receivables	46,651	6,936	7,006
111,079	Properties held for sale	146,355	131,404	111,079
264	Work in progress	215	264	264
-	Prepayments	-	285	-
126,014	Total current assets	225,459	147,485	138,039
Non-current assets				
288,746	Physical assets	263,274	323,564	271,489
12,472	Forests	9,496	10,030	12,472
4,520	Intangible assets	4,360	4,360	4,360
-	Debtors and receivables	-	7	-
305,738	Total non-current assets	277,130	337,961	288,321
431,752	Total assets	502,589	485,446	426,360

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 2013.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2013

Actual 2012 \$'000		Note	Actual 2013 \$'000	Main Estimates 2013 \$'000	Supplementary Estimates 2013 \$'000
Liabilities					
Current liabilities					
11,265	Trade and other payables	5	39,996	15,692	11,265
1,852	Provisions	10	1,837	2,357	-
13,117	Total current liabilities		41,833	18,049	11,265
Non-current liabilities					
8,656	Deferred income		8,282	8,998	8,656
16,731	Provisions	10	18,107	19,601	19,275
25,387	Total non-current liabilities		26,389	28,599	27,931
38,504	Total liabilities		68,222	46,648	39,196

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2013

Other non-cancellable commitments

This schedule sets out the level of commitment made against outyear appropriations and funding baselines for non-departmental expenditure. The Department on behalf of the Crown has entered into non-cancellable contracts relating to property management.

Actual 2012 \$000	Actual 2013 \$000
Operating commitments	
Non-cancellable contracts for supply of goods and services	
- Not later than 1 year	-
- Later than 1 year and not later than 5 years	-
- Total non-cancellable contracts for supply of goods and services	-
- Total operating commitments	-

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

As at 30 June 2013

Quantifiable contingent liabilities are as follows:

Actual 2012 \$000	Actual 2013 \$000
-	-
18,751	18,751
18,751	18,751

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 2013.

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 on the previous page 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 2013

Account	As at 1 July 2012 \$000	Contribution \$000	Distribution \$000	As at 30 June 2013 \$000
Endowment Rentals Trust	-	38	(37)	1
Hunter Soldiers Assistance Trust	55	-	-	55
Crown Forestry Licences Trust	947	1,478	(1,972)	453
Total	1,002	1,516	(2,009)	509

Endowment Rentals Trust

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

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

Hunter Soldiers Assistance Trust

The Trust was set up to administer monies derived from the sale or lease of certain lands conveyed as gifts to the Crown by Sir George Hunter for settlement to discharged soldiers. Source of funds: interest on funds held in trust.

Crown Forestry Licences Trust

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

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 2013.

NOTES TO THE NON-DEPARTMENTAL SCHEDULES

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

Accounting policies

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

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

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

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

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

The following particular accounting policies have been applied:

Budget figures

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

Revenue

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

Goods and Services Tax (GST)

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

Debtors and other receivables

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

Assets held for sale

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

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

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

Physical assets

Physical assets are categorised as:

- Crown forest land
- Crown pastoral land
- other.

The physical assets' value is predominately land. However, the value also includes improvements.

Revaluations

Land, buildings and plant and equipment are revalued at least every 5 years (with an aim of every 3 years) to ensure the carrying amount does not differ materially from fair value. Fair value is determined on a class of asset basis as detailed below. The carrying value of revalued items is reviewed at each balance date to ensure those values are not materially different to fair value. Additions between revaluations are recorded at cost.

Revaluation methods

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

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

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

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

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

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

Valuers

Multiple valuers are engaged by the entity. Valuers engaged in the last 12 months in order to determine the fair value of properties were Darroch, Curnow Tizard, Hutchins and Dick, Colliers and Lewis Wright; all are accredited independent valuers. The fair value is the amount for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on an arm's length basis for land and buildings comparable in size and location to those held by LINZ, and to market based yields for comparable properties.

Valuer	Date of valuation	Fair value of properties revalued \$000
Darroch	June 2013	835
Curnow Tizard	June 2013	600
Hutchins and Dick	June 2013	550
Colliers	June 2013	1,030
Lewis Wright	June 2013	1,235

Accounting for revaluations

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

Depreciation is provided on a straight-line basis on all improvements, 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
Improvements	50 years

Intangible assets

Easements

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the Schedule of Non-Departmental Expenses.

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

Forestry assets

The Crown's interests in forests are valued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of future cash flows after tax. The valuations as at 30 June 2013 were carried out by Alan Bell and Associates, Morice, and Kohntrol Forest Services Ltd; all are registered Forestry Consultants (NZIF).

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

Impairment of non-financial assets

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

Provisions

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

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

Commitments

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

2. ADDITIONAL INFORMATION

Summary of appropriations changes.

Appropriation	Main Estimates \$000	Supplementary Estimate changes \$000	Total appropriated 2013 \$000
Non-departmental output classes			
Contaminated Sites	500	-	500
Total non-departmental output classes	500	-	500
Other expenses to be incurred by the Crown			
Bad and doubtful debts	25	-	25
Crown forest management	500	-	500
Crown rates	1,107	50	1,157
Depreciation and amortisation	393	-	393
Land liabilities	843	-	843
Residual Crown leasehold rents	543	-	543
Soil Conservation Reserve Management	-	300	300
Proceeds from sale of Transit New Zealand properties	17,000	13,000	30,000
Total other Crown expenses	20,411	13,350	33,761
Purchase or development of capital assets by the Crown			
Crown acquisitions – Huntly East	1,100	(56)	1,044
Loans for Crown pastoral lease holders	-	500	500
Crown Purchases: Land Exchanges	-	56	56
Total Crown capital assets	1,100	500	1,600
Total appropriations	22,011	13,850	35,861

3. FINANCIAL OVERVIEW AND PERFORMANCE VARIATIONS

Non-departmental output expenses

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

Other operating expenses and sale of goods and services

Other operating expenses are over-spent largely as a result of over-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.

Capital receipts

Property sales are above Supplementary Estimates as a result of sale of the Wharerata, Rotoehu West, Mangawhai South, and Woodhill forests as part of Treaty settlements with iwi.

Capital expenses

These relate mainly to the purchase of lessees' interests as part of High Country tenure review. The expense is lower than Supplementary Estimates because the timing of tenure settlements is uncertain. These expenses are managed by a Multi-Year Appropriation.

4. TRADE AND OTHER RECEIVABLES

Actual 2012 \$000		Actual 2013 \$000
2,670	Debtors to non-related parties	26,403
-	- Less: provision for doubtful debts	-
2,670	Net debtors	26,403
385	Accounts receivables – departments	15,437
2,051	Accounts receivables – Crown entities	4,811
5,106	Total trade and other receivables	46,651
Represented by:		
5,106	Current	46,651
-	- Non-current	-

Debtors are shown net of provision for doubtful debts, which was nil in the current year (2012: nil). The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2013 and 2012, all overdue receivables were assessed for impairment and appropriate provisions applied, as detailed below.

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

Expected losses have been determined based on an analysis of the Crown's losses in previous periods and review of specific debtors. Those specific debtors that are insolvent are fully provided for. As at 30 June 2013, there were no debtors identified as insolvent (2012: nil).

Movements in the provision for doubtful debts are as follows:

Actual 2012 \$000		Actual 2013 \$000
-	Balance as at 1 July	-
-	Receivables written off during the period	-
-	Balance as at 30 June	-

5. TRADE AND OTHER PAYABLES

Actual 2012 \$000	Actual 2013 \$000
11,029 Creditors and accrued expenses	39,462
236 GST payable	534
11,265 Total creditors and other payables	39,996

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 2012 \$000	Actual 2013 \$000
92,095 Crown forest land	114,767
- Crown pastoral land	-
18,984 Other	31,588
111,079 Total non-current assets held for sale	146,355

The \$146.355 million (2012: \$111.079 million) includes forest land, rated properties and pastoral land classified as held for sale. They are expected to be disposed of in the near future as per disposal schedules (rated properties and forest land) and tenure reviews (pastoral land).

7. FORESTRY ASSETS

Actual 2012 \$000	Actual 2013 \$000
10,647 Carrying amount as at 1 July	12,472
- Additions	-
- Disposals	-
1,825 Gain/(loss) from changes to fair value	(2,976)
12,472 Carrying amount as at 30 June	9,496
Represented by:	
- Current	-
12,472 Non-current	9,496

The forestry asset value consists of three forests.

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

Waerenga O Kuri, Wharekuri and Tangoio forests were transferred to Land Information New Zealand in March 2010 from the Ministry for the Environment. Waerenga O Kuri forest was established with Radiata Pine seedlings from 1977 to 1983 over 143.9ha. Tangoio forest consists of Radiata Pine forest covering 251ha and was established from 1985

to 2008. Wharekuri Forest was established with Radiata Pine seedlings in 1977. The current net stocked area is 5.5ha. The valuations do not cover the land beneath the trees; this is separately valued and disclosed within the soil conservation category of physical assets.

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

As at 30 June 2013, LINZ held trees planted over 1102.9ha (2012: trees planted over 1085.3ha).

8. PHYSICAL ASSETS

	Crown forest land \$000	Crown pastoral land \$000	Other \$000	Total \$000
Cost or valuation				
Balance as at 1 July 2011	110,046	40,520	148,690	299,256
Revaluation increase/(decrease)	116,428	8,073	12,059	136,560
Additions	-	-	1,316	1,316
Disposals/transfers to assets held for sale	(114,968)	(8,297)	(24,602)	(147,867)
Balance as at 30 June 2012	111,506	40,296	137,463	289,265
Balance as at 1 July 2012	111,506	40,296	137,463	289,265
Revaluation increase/(decrease)	7,338	48,252	12,649	68,239
Additions	-	-	7,210	7,210
Disposals/transfers to assets held for sale	(56,981)	(26,757)	(17,278)	(101,016)
Balance as at 30 June 2013	61,863	61,791	140,044	263,698
Accumulated depreciation and impairment losses				
Balance as at 1 July 2011	-	-	(430)	(430)
Depreciation charge for the year	-	-	(213)	(213)
Impairment losses	-	-	-	-
Reversal of impairment losses	-	-	124	124
Disposals	-	-	-	-
Balance as at 30 June 2012	-	-	(519)	(519)
Revaluation increase/(decrease)	-	-	(519)	(519)
Depreciation charge for the year	-	-	(201)	(201)
Impairment losses	-	-	-	-
Reversal of impairment losses	-	-	244	244
Disposals	-	-	52	52
Balance as at 30 June 2013	-	-	(424)	(424)
Carrying amounts				
As at 30 June 2011	110,046	40,520	148,260	298,826
As at 30 June 2012 and 1 July 2012	111,506	40,296	136,944	288,746
As at 30 June 2013	61,863	61,791	139,620	263,274

9. INTANGIBLE ASSETS

Actual 2012 \$000		Actual 2013 \$000
Cost		
5,000	Carrying amount as at 1 July	5,000
-	- Additions	-
-	- Gain/(loss) from changes to fair value	-
5,000	Carrying amount at 30 June	5,000
Amortisation and impairment losses		
320	Balance as at 1 July	480
160	Amortisation expense	160
-	- Disposals	-
480	Balance as at 30 June	640
4,520	Total intangible assets	4,360
Carrying amounts		
	As at 1 July 2011	4,680
	As at 30 June 2012 and 1 July 2012	4,520
	As at 30 June 2013	4,360

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 2012 \$000		Actual 2013 \$000
454	Provision for onerous leases	474
537	Huntly East provision	557
861	Other	806
1,852	Total current portion	1,837
6,996	Provision for onerous leases	7,170
9,735	Huntly East provision	10,937
-	Other	-
16,731	Total non-current portion	18,107
18,583	Total provisions	19,944

	Provision for onerous leases \$000	Huntly East provision \$000	Other provisions \$000	Total \$000
2012				
Balance as at 1 July 2011	7,474	11,218	683	19,375
Additional provisions made during the year	-	-	359	359
Charge against provision for the year	(187)	(424)	(181)	(792)
Discounting changes	163	(522)	-	(359)
Unused amounts reversed during the year	-	-	-	-
Balance as at 30 June 2012	7,450	10,272	861	18,583
2013				
Balance as at 1 July 2012	7,450	10,272	861	18,583
Additional provisions made during the year	-	-	-	-
Charge against provision for the year	(251)	486	(187)	48
Discounting changes	445	736	132	1,313
Balance as at 30 June 2013	7,644	11,494	806	19,944

Provision for onerous leases

LINZ has onerous contract obligations where the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from it. The provision relates to the lease on 1 The Terrace and 3 The Terrace, Wellington, which expires in 2059.

Huntly East subsidence

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

11. FINANCIAL INSTRUMENTS

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

Actual 2012 \$000		Note	Actual 2013 \$000
Loans and receivables			
9,565	Cash and cash equivalents		35,271
5,106	Debtors and other receivables	4	43,618
14,671	Total loans and receivables		78,889
Financial liabilities measure at amortised cost			
11,265	Creditors and other payables	5	39,996

Credit risk

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

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

12. EVENTS AFTER THE BALANCE SHEET DATE

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



Appendices

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

A 275m

Legislation we administer

Legislation administered by LINZ:

Cadastral Survey Act 2002

Crown Grants Act 1908

Crown Pastoral Land Act 1998

Deeds Registration Act 1908

Hunter Gift for the Settlement of Discharged Soldiers Act 1921

Land Act 1948

Land Transfer Act 1952

Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002

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

Public Works Act 1981

Rating Valuations Act 1998

Reserves and Other Lands Disposal Acts

Valuers Act 1948.

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

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

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

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

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

Airport Authorities Act 1966 (relating to disposal of land)

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

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

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

Electoral Act 1993 (relating to electoral boundaries)

Geographical Indications Act 1994 (relating to geographical names)

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

Local Government Act 1974 (relating to road stopping)

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

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

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

Overseas Investment Act 2005 (relating to overseas investment applications)

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

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

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

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

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

Treaty of Waitangi claims settlement acts (various)

Unit Titles Act 2010

Statutory information

This table details information required under section 181 of the Land Act 1948 for the year ending 30 June 2013:

Section	Details	Number	Total area (hectares)	Price paid (\$)	Total yearly rent payable (\$)
1(a)	Areas of private land or lessees' interest in Crown land purchased during the year	6	25,399	4,829,651	N/A
1(b)	Areas of land purchased by the Office of Treaty Settlements under section 40 of the Land Act 1948*	6	555.1399	6,256,597	-
2	Leases and licences granted during the year**	35	639.54	N/A	99,439
3	Leases and licences current at the end of the year**	804	1,704,167	N/A	2,687,402

* These purchases were funded from Vote: Treaty Negotiations.

** The leases and licences referred to here are only those under specific sections of the Land Act 1948. LINZ also administers other land subject to leases and licences.

New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa – annual report summary

Section 14 of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 (the Act) requires the Board to report annually to the Minister for Land Information and publish a summary in LINZ's annual report. This summary covers the reporting period 1 July 2012 to 30 June 2013.

About the Board's work

The Board is an independent statutory body of government responsible for official geographic naming in New Zealand, its territorial waters and the undersea features of its continental shelf, offshore islands, and the Ross Dependency of Antarctica. The Board also reviews and concurs with names for Crown protected areas (reserves) administered by the Department of Conservation and provides advice to the Office of Treaty Settlements (OTS) on geographic names proposed to be included in Treaty of Waitangi settlements.

The Board has 10 members, eight of whom are appointed by the Minister for Land Information. Six of these appointments are based on nominations from the New Zealand Geographical Society, Federated Mountain Clubs, Te Rūnanga o Ngāi Tahu, Local Government New Zealand and the Minister of Māori Affairs. The remaining two members are ex-officio appointments from LINZ, and include the Chairperson. Two observers from Te Puni Kōkiri (the Ministry for Māori Development) and Te Taura Whiri i te Reo Māori (the Māori Language Commission) attend Board meetings to provide advice to the Board when it is consulting with iwi and on the orthography of Māori place names. A representative from the OTS also observes at Board meetings and provides advice on Treaty names under consideration.

LINZ administers the Act and supports the Board through a Secretariat of four staff. The Secretariat operates under a separate output class in Vote Lands.

GAZETTEER

In June 2013 the Board launched a new online web-based Gazetteer system that allows people to search for both official and unofficial names, and related information. It is supported by an interactive map covering mainland New Zealand which, when searched for a place or feature name, displays its location on the map. Beyond mainland New Zealand, Google Maps provides the map view showing the location of the name. Users can also zoom into and pan around the map, download the Gazetteer data or use the web feature services to link through the LINZ Data Service. The new Gazetteer will provide for the increased use of official names and facilitate their dissemination as a core and authoritative part of other datasets.

STRATEGIC DIRECTION AND PRIORITIES

To enable the Board to undertake a strategic view of its responsibilities it has established some principles that will allow it to be more proactive, effective and efficient.

The Board prioritised the following strategic areas:

- Treaty names in support of the Government's Treaty settlement process
- Conversion of recorded names to official status (using section 24 of the Act process where possible) – starting with the names of suburbs and localities in support of property addressing
- Antarctic and undersea feature names in support of international standardisation and agreement with international agencies
- Unnamed features with high public usage and moderate to high risk of reliance on the names by emergency services
- Names of high importance to New Zealand's history and culture.

TREATY SETTLEMENT NAMES

The Board considered a total of 69 Treaty names provided to the Board by OTS for the following groups:

- Ngāti Tū
- Tapuika (Tokotoru)
- Ngāi Tūhoe
- Hauraki Collective
- Te Atiawa (Taranaki)
- Rangitane o Manawatu
- Ngāti Tamaoho.

Treaty legislation passed this year accounted for a further eight geographic and seven Crown protected area names that the Board was required to publicly notify. The Board also prioritised the provision of timely and accurate responses to approximately 90 requests from OTS, which included Agreements, Deeds, Cabinet Papers and Bills.

UNDERSEA NAMES

This year, the Undersea Feature Names Committee continued to process existing recorded undersea feature names for review and adoption as official names, with 35 processed under section 26 of the Act. This makes a total of 225 of 857 (26%) existing recorded undersea feature names processed in recent years. During 2012/13 the Board also developed a new Protocol for Undersea Feature Naming.

ANTARCTIC NAMES

The Board assigned four official Antarctic names during 2012/13. The Board continues to work closely with its United States and Australian counterparts. Liaison also extends to the overarching Scientific Committee on Antarctic Research (SCAR), which maintains a Composite Gazetteer of Antarctica (CGA). The Board also considered several Antarctic names that were proposed by other nations.

STANDARD NAMES

In 2012/13 over 200 standard names were considered by the Board. While the Board's first priority is to process Treaty names, it remains committed to processing other categories of names.

INTERNATIONAL LIAISON

The Board continued to cooperate with a range of international naming organisations during the reporting period, maintaining strong relationships and active participation. This included:

- representing New Zealand in July and August 2012 at a United Nations Session and Conference, focusing on consistency, standardisation and accuracy in geographic naming practices worldwide, and
- co-hosting with LINZ and GNS Science the annual meeting of the Sub-Committee on Undersea Feature Names in October 2012.

PERFORMANCE

The Board held two meetings in 2012/13. Two committee meetings were also held for undersea features and Māori names. The following geographic names were considered by the Board:

Treaty of Waitangi settlement	76
Antarctic	4
Discontinued	130
Final/official by the Board	8
Final/official by the Minister	5
Proposals notified for public consultation	17
Crown protected area	12
Declined	27
Deferrals	19
Note	1
Other (removed, next meeting)	4
Total	303

In 2012/13 around 360 general enquiries were responded to by the Board's Secretariat.

REVIEW OF THE BOARD'S PROCESSES

An external review of the Board's and Secretariat's processes was completed in November 2012. This review identified areas for improvement to ensure concise and efficient service delivery. A final report was released on 30 November 2012. In January 2013, an action plan was developed. By the end of November 2013, key processes will be mapped and further recommendations for change made.

AMENDMENT TO THE ACT

In December 2012 two minor amendments to the Act were enacted. These amendments provided clarity and consistency around official place names. They relate to alternative naming and Crown protected area names.

NOTABLE NAME PROPOSALS

Te Karearea Peak

Lake Te Kōhua

Mount Tūwhakaroria

Tāpuae o Uenuku / Hector Mountains

These four proposals are the outcome of an invitation by the Minister for Land Information to the Central Otago District Council and Ngāi Tahu to work together on an agreed set of name proposals. The Board agreed to proceed to public notification from 26 April to 26 July 2013. One hundred and thirty submissions were received on this proposal (supporting and objecting). The Board will consider all submissions for these four proposals on 18 October 2013. If the Board does not uphold all objections, then the Minister for Land Information will make the final determinations based on the report and recommendations of the Board.

Whanganui or Wanganui

With the passing of the amendment to the Act in December 2012, the Board was able to gazette the Minister for Land Information's decision to assign alternative names to the city of Whanganui or Wanganui. The Minister wrote to all Crown agencies on 25 February 2013 advising of the gazetting of Whanganui and Wanganui as official alternative names and signalling his intention that the 'Whanganui' spelling be moved to over time.

'North Island or Te Ika-a-Māui' and 'South Island or Te Waipounamu'

After several years of consideration by the Board and waiting for an amendment to the Act, the Board, at its March 2013 meeting, agreed to proceed to public notification/consultation on the alternative names for New Zealand's two main islands: 'North Island or Te Ika-a-Māui' and 'South Island or Te Waipounamu'. The consultation period ran from 4 April to 5 July 2013, during which time 2,608 submissions were received from 1,329 submitters. The Board will consider all submissions at its meeting on 31 July 2013. It is expected the Minister for Land Information will make the final decision based on the recommendation of the Board. It is anticipated that the Minister for Land Information's final determination will be notified in 2013/2014.

The full report of the Board is available online at www.linz.govt.nz/nzgb-annual-report-1213

Directory

WELLINGTON OFFICE

Level 7, Radio New Zealand House
155 The Terrace
PO Box 5501
Wellington 6145

Ph: +64 4 460 0110 or
0800 665 463 (New Zealand callfree only)
Fax: +64 4 472 2244
Email: customersupport@linz.govt.nz

HAMILTON OFFICE

Corner of Victoria and Rostrevor Streets
Private Bag 3028
Hamilton 3240
DX GX 10069

Ph: 0800 665 463 (New Zealand callfree only)
Fax (main): +64 7 858 5488
Fax (secondary): +64 7 858 5491

Public services provided:

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

CHRISTCHURCH OFFICE

CBRE House
112 Tuam Street
Private Bag 4721
Christchurch 8140

Ph: 0800 665 463 (New Zealand callfree only)
Fax: +64 3 366 6422

Public services provided:

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

WELLINGTON OFFICE

Level 7, Radio New Zealand House
155 The Terrace
PO Box 5501
Wellington 6145

Ph: +64 4 460 0110 or
0800 665 463 (New Zealand callfree only)
Fax: +64 4 472 2244

