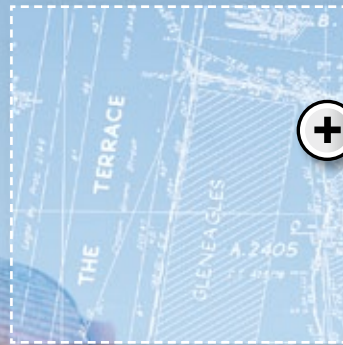


*Toitu te*  
**Land** *whenua*  
**Information**  
New Zealand



Land Information New Zealand  
ANNUAL REPORT 2005/06





**Our Vision:** LINZ is valued as Government's  
centre of electronic land information and expertise.





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Pursuant to section 44(1) of the Public Finance Act 1989, I am pleased to present the Annual Report of Land Information New Zealand for the year ended 30 June 2006.

**BRENDAN BOYLE**  
CHIEF EXECUTIVE  
29 September 2006

This information can be found at:  
<http://www.linz.govt.nz/publications/annual-report-0506/>

“No country can sustain stability within its boundaries, or economic development within the wider world, unless it has a land rights policy that promotes internal confidence between its people, its commercial enterprises and its government.”<sup>1</sup>





# Chief Executive's Overview

*Land is fundamental to human existence. It provides the means for shelter, food, construction and manufacture; it is the source of water, minerals and other resources. Land is also the source of economic prosperity. Achieving that prosperity requires effective land administration: a guaranteed system for registering and transferring land.*

Over the past 150 years, New Zealand has developed a property rights system based on the State guarantee of land title. Land Information New Zealand (LINZ), and its predecessors, have been responsible for administering that system and the framework of laws and legislation supporting it.

The world is changing. Advances in digital technology, and the growth of the world wide web, are transforming communication and commerce.

A key goal in our business strategy is for customers to use electronic channels, consistent with the e-government Strategy. In February this year LINZ took a step closer to achieving that goal and our Vision with the decision to phase out paper-based lodgement of land title and survey transactions in favour of full electronic lodgement using Landonline.

By 1 July 2008, surveyors and conveyancers will be required to use Landonline to lodge all transactions. This is a significant change for LINZ, our customers and stakeholders that will bring about greater efficiencies in the way we do business. The end result will be that New Zealanders buying, selling and subdividing property will benefit from a more efficient and secure automated process that will see new land titles issued faster.

The transition to 100% electronic lodgement will remain a priority area for LINZ for the next two years. A Programme Office has been set up within LINZ specifically to assist our customers and staff to make the transition to the new electronic environment. We report on its progress on pages 10 – 11 of this Annual Report.

## COLLABORATION AND CONSULTATION

The ongoing support of stakeholder and customer groups will be pivotal in the successful transition to 100% electronic lodgement. Indeed, collaboration and electronic consultation have been key themes in much of the work of the department this year, including the development of a draft New Zealand Government Geospatial Strategy. The strategy seeks to coordinate geospatial activities across government and was developed in conjunction with central and local government, Crown entities, academics and industry.

In March 2006, Cabinet signed off on the work programme for another cross-agency initiative: the Ocean Survey 20/20 project. The project aims to survey New Zealand's total ocean area. The knowledge gained will enable New Zealand to demonstrate stewardship, sustainably manage ocean resources, and facilitate safe navigation.

<sup>1</sup> *Social and Economic Benefits of Good Land Administration, United Nations Economic Commission for Europe, Working Party on Land Administration, 2005.*



# Chief Executive's Overview

Led by LINZ, the Ocean Survey 20/20 project has so far involved 18 different organisations, including the Ministry of Research, Science and Technology, the Ministry of Fisheries, the Department of Conservation, New Zealand Navy, local authorities and Crown Research Institutes.

## REGULATORY PROGRESS

A high-performing economy requires regulation that supports business productivity and economic growth, while safeguarding the confidence and trust New Zealanders have in our land information system. Over the past year LINZ has worked to clarify and communicate the outcomes we expect to achieve in those areas we regulate. This has meant obtaining a broader strategic view of what our roles and responsibilities are in this area and also engaging with our stakeholders to ascertain their views around regulatory outcomes and how they could be achieved more effectively.

This poses some challenges for LINZ and we have worked hard to bring the industry along with us. Acknowledging their expertise in these areas is critical to the development of regulation that is fit for purpose and that supports a move towards self-regulation where appropriate.

## HIGH COUNTRY OBJECTIVES

LINZ's responsibility for administering the tenure review process, as governed by the Crown Pastoral Land Act 1998, is not without its challenges. The organisation strives to manage processes in an objective manner, balancing the views and interests of multiple parties, including lessees, environmental groups and the Department of Conservation. It must also be remembered that tenure review is but one process or tool available to help achieve the Government's high country objectives. While substantial progress has been made this past year, the department is committed to continuously improving its communication, systems and processes, while ensuring transparency and objectivity.

## AN EYE TO THE FUTURE

During the year we began a major project to develop a long-term strategy for LINZ. This will ensure we are well positioned to anticipate changes to our environment and deliver Government's outcomes. The information we derive from environmental scanning and scenario learning will mean our business strategy will be better prepared for future changes, our policy programme will be better informed, and our Minister and stakeholders will have a better understanding of the global influences facing New Zealand's land information sector.



**BRENDAN BOYLE**

CHIEF EXECUTIVE





# Key Issues 2005/06



100% loaded

HEIGHT RESTRICTION 3M

BOUNDARY LINE #24

FENCELINE 12M

PUBLIC ROADWAY 12

# Strategic Intent

*Our purpose: To provide people and systems that ensure confidence in the land rights and geographic information underpinning New Zealand as a nation.*

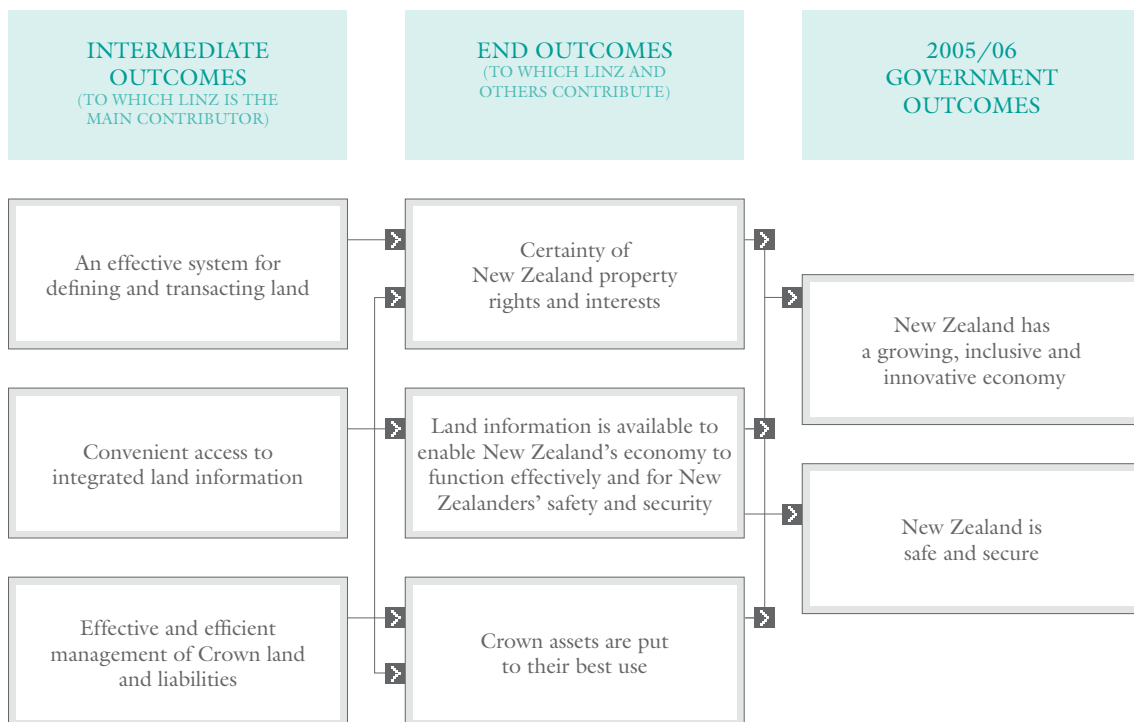
## OUR OUTCOMES

New Zealand's economy needs certainty of property rights to function and grow. Land is a fundamental resource from which economic prosperity and social outcomes are derived. New Zealand therefore needs systems and processes designed to maintain and deliver quality information relating to our land and sea areas, and to manage land transactions.

This information is so vital that the Government has decided to play a role by investing in systems to support New Zealand's economic activity.

The Government is also a landowner and must ensure that its own assets are efficiently managed and put to their most effective use economically, environmentally and socially.

LINZ's role is as steward of those systems and processes, providing a secure foundation on which quality decisions can be made by everyone with an interest in New Zealand's land and, increasingly, its immediate marine environments.



LINZ's performance for 2005/06, by output class, is covered on pages 21 – 38.



# Strategic Intent



> Presenting the Continental Shelf Submission Report was a major achievement in the 2005/06 year.



> LINZ has been providing free Landonline training to surveyors and lawyers around the country in preparation for 100% electronic lodgement on 1 July 2008.

## STRATEGIC GOALS

In 2005/06 LINZ developed a strategy for achieving its outcomes around three strategic goals linked to initiatives that would improve its capability to deliver. The strategy is detailed on pages 68 – 69.

<p><b>OPTIMAL REGULATION</b></p> <p>An outcome focus that promotes self-regulation and the public interest with the least intervention.</p> <hr/>	
<p><b>E-DELIVERY EXCELLENCE</b></p> <p>LINZ's primary customers exclusively use electronic channels, consistent with the e-Government Strategy.</p> <hr/>	
<p><b>ALL-OF-GOVERNMENT LEADERSHIP</b></p> <p>LINZ is a strategic leader and coordinator of land information initiatives across government.</p>	

## OPTIMAL REGULATION

LINZ administers legislation, sets standards and ensures compliance for:

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

### Review of regulatory frameworks

In 2005/06 LINZ's Regulatory Group focused on implementing a regulatory framework to ensure consistent practices across regulatory regimes, where appropriate. Regulatory outcomes and objectives were developed and documented. Considerable work has been undertaken to assess the risks of not achieving regulatory outcomes and objectives in each subject area. This work has positioned the Regulatory Group well for the coming year, when existing standards will be rationalised into better-balanced interventions – thereby producing optimal regulation. The involvement of those expected to comply with these new standards is integral to this process.

### New regulatory audit approach

An independent review was undertaken of the frameworks and processes to create the desired consistent regulatory framework. This review confirmed that the systems in place are robust and position LINZ well to deliver on its goals for the coming year. The review also provided feedback on the compliance regimes LINZ has begun to implement to ensure systems are best practice. Again, the review confirmed that the audit methodology that has been developed is sound.

One example of the changes this new methodology has brought about relates to surveyors' field work. In 2005/06 LINZ completed a pilot of a new audit approach, with the support of the Surveyor-General and the survey industry. In the past, LINZ would check a sample of the field work done by surveyors by re-performing the survey. In consultation with surveyors, the pilot audited the processes and controls surveyors have in place to ensure that field surveys are correct. A sample of surveys was undertaken for verification. This approach has been well received at an industry level and by those involved in the pilot. It will become the primary approach to survey audits.

Using the same principles, a pilot involving conveyancers is scheduled for 2006/07, with the support of the Registrar-General of Land and the New Zealand Law Society. If it is also successful, LINZ anticipates that a systems and controls-based audit approach will also be implemented in this area.



# Strategic Intent

## Overseas Investment Office (OIO)

The Overseas Investment Office (OIO) formally became a part of LINZ on 25 August 2005. The OIO is now expected to analyse an additional range of issues in recommending whether consent will be granted and undertake more intensive scrutiny of investments than it did under the previous legislation. The OIO's heightened focus on monitoring foreign investors and investigating potential breaches of the overseas investment legislation led to a successful prosecution in November 2005. This prosecution was the first time a person was convicted of breaching the Overseas Investment Act 1973. In 2006/07 we aim to further refine the decision-making systems that support the OIO's functions. Ensuring we have the capabilities and capacity necessary to carry out these expanded activities will be an important area of focus.



> The New Zealand Geographic Board is responsible for place names in New Zealand.

## New Zealand Geographic Board

The New Zealand Geographic Board is a statutory body of government, whose main activities are to:

- > assign or alter official place names in New Zealand and within its territorial waters, including offshore islands, as provided by the New Zealand Geographic Board Act 1946
- > assign or alter official place names in the Ross Dependency of Antarctica, and
- > provide advice to the Office of Treaty Settlements regarding place names for cultural redress in Treaty settlement legislation.

---

LINZ provides administrative support to the Board, through the appointment of a departmental staff member as secretary. The Chair of the Board is the Surveyor-General, also from LINZ, and is appointed ex officio. The Board comprises eight members, recommended by the Minister for Land Information and the Minister of Māori Affairs. During the year the New Zealand Geographic Board Act 1946 was reviewed. A new Bill is being drafted.

# Strategic Intent

## E-DELIVERY EXCELLENCE

Customer-focused services are key to getting our primary customers exclusively using electronic channels. Achieving this goal will provide positive benefits in efficiency, cost savings and access for our primary customers, and for New Zealand citizens.

### Landonline

In February 2006 Cabinet approved the phasing out of paper-based lodgement of land transactions by 1 July 2008. 100% electronic lodgement is expected to offer ongoing productivity and efficiency gains to business and will ensure New Zealanders benefit from an efficient and secure automated process in which new titles will be issued faster when buying, selling and subdividing property.

Implementing this decision will be the focus for much of the department's work over the next two years and is the focus of the Programme Office established in March.

The office's focus will be on four key streams of work:

- > capability and change management
- > customer uptake of electronic lodgement through Landonline
- > technology enhancements to Landonline, and
- > policy and legislative changes.

### Capability and change management

With fewer paper lodgements, the volume of manual processing work will decrease significantly. As electronic lodgement increases, 112 positions are expected to be phased out, mostly over the next two years. Design and development of management of change processes have been completed, after full consultation with staff and the PSA, and are currently being implemented.

LINZ will also be developing staff with the capability to process the complex transaction types that will still require manual intervention in the future and with the skills to provide remote real-time support to users at the point of lodgement.

### Customer uptake

To give customers time to prepare, 100% electronic lodgement will be phased in gradually, starting with discharges on 1 May 2007, transfers and mortgages on 1 August 2007, survey transactions on 1 September 2007, and all remaining title transactions, such as caveats and rights of way, on 1 July 2008. To help conveyancing practitioners and surveyors make the transition, LINZ has been providing free training to firms around the country and will continue to do so until November 2006. LINZ websites are also being improved to aid the transition.

Public counters in all processing centres will close from 1 July 2008. Members of the public wishing to obtain a copy of a title or survey plan will do so via other providers or via the Internet. LINZ is developing and consulting on a strategy to manage access to its core paper records in preparation for the 2008 deadline.

### Technology enhancements

LINZ is planning enhancements to the Landonline system to enable all survey and title transactions to be lodged electronically. Functional requirements and high-level design have been completed and detailed design is under way. In the new environment our customers will need to be able to depend on the availability and robustness of Landonline and this will be a key area of focus over the next year.



# Strategic Intent

## Policy and legislative changes

The policy and legislative changes needed to support 100% electronic lodgement have been identified and a plan is in place to ensure they are implemented when required.

Stakeholder consultation is ongoing and LINZ will continually review whether we are meeting our customers' expectations. Progress towards achieving the benefits identified in the business case for 100% electronic lodgement is being monitored using the Managing Successful Programmes framework (Office of Government Commerce, United Kingdom).

## Managing customer relationships

A framework to identify and manage customer needs has been established. Following an open competitive tender, a new Contact Management System has been selected and planning towards implementation during the 2006/07 financial year is under way.

## Customer research

A customer research programme has been designed so LINZ can better meet customer needs and inform e-channel strategies. In 2005/06 this work has been particularly relevant for the development and implementation of the 100% electronic lodgement programme.

## E-channels for other core services

LINZ has also completed research into topographic and hydrographic customer needs during 2005/06 and intends to apply the knowledge from this research to new customer strategies in 2006/07.

## ALL-OF-GOVERNMENT LEADERSHIP

This goal defines LINZ's contribution of land information and expertise in achieving cross-government outcomes.

### Continental Shelf

New Zealand lodged its seabed boundary with the United Nations Commission on the Limits of the Continental Shelf (UNCLCS) on 19 April 2006, marking the culmination of a decade's work and scientific research.

The presentation of the Submission Report to the United Nations Commission in New York is the result of a \$44 million cross-government project, led by LINZ and the Ministry of Foreign Affairs and Trade, and involving the Ministry of Economic Development, National Institute of Water and Atmospheric Research (NIWA) and GNS Science.

LINZ was the lead agency for the technical aspects of the project and had responsibility for the survey programme, and the collection, processing, analysis and interpretation of data.

### Geospatial Strategy

Following receipt of submissions on a discussion document last year, LINZ has developed a draft New Zealand Government Geospatial Strategy, in conjunction with central and local government, Crown entities, academics and industry. The central platform of the Strategy is the establishment of an all-of-government governance structure to enable the development of an integrated and prioritised policy programme across agencies relating to the creation and management of our geospatial information resources.



# Strategic Intent

## Ocean Survey 20/20

In March 2006, Cabinet approved a work programme to achieve the Ocean Survey 20/20 vision. The programme is an exciting and innovative initiative that will, over time, deliver benefits for the management of New Zealand's ocean area similar to those that have resulted from the mapping of New Zealand's land area. Ocean Survey 20/20 will contribute to the Government priorities of economic transformation and national identity and will contribute to the sustainable management of the ocean resources in New Zealand's marine jurisdiction. The programme prioritised projects relating to New Zealand's sovereignty, coastal stewardship and management, natural hazards and risk management, maritime safety and security, fisheries, biodiversity and ecosystems, hydrocarbons, minerals and other physical resources, and climate.

One result will be the establishment of a network of high-quality base layer mapping data which will have use and value beyond the immediate objectives set for each project. The Ocean Survey 20/20 work programme has been developed collaboratively by officials from 18 organisations including all government agencies with an interest in managing marine resources, Crown Research Institutes and representatives from regional councils and universities.

## Māori land strategy

LINZ contributed to a long-term Māori Land Development Action Plan led by Te Puni Kōkiri. The Plan aims to facilitate the development and use of Māori land through providing information and support to Māori land owners so they may achieve their economic, social, cultural and environmental aspirations. A key initiative in this Action Plan is the joint LINZ – Ministry of Justice project on the registration of Māori Land

Court Orders into the Land Transfer system. Following the successful pilot of this project last year, approximately 15% of orders were registered by 30 June 2006.

## Marginal strips

LINZ began working with the Department of Conservation to better represent marginal strips created under Part IVA of the Conservation Act. Through this work LINZ will be able to contribute to the ongoing development of options related to the MAF-led public access policy work.

## Scenario planning

To keep ahead of the challenges and shifts in demographic, technological and environmental change LINZ has been undertaking environmental scanning and scenario planning. The aim is to develop a long-term strategy and vision for LINZ which will include the identification of emerging issues in the geospatial sector. It will inform a policy programme relating to all the sectors to which LINZ contributes.

## High Country objectives

A key initiative for LINZ in the next three years, with the Department of Conservation and Ministry of Agriculture and Forestry, is to achieve the Government's objectives for the South Island high country. Tenure review is one tool available, as provided for in the Crown Pastoral Land Act 1998.

Tenure Review is a voluntary process that enables farmers with perpetual leases on Crown pastoral land to seek freehold ownership of some of the land. The process also enables land with "significant inherent values" – historical, cultural, conservation – to be protected.

As at 30 June 2006, tenure review substantive proposals had been accepted for 53 pastoral leases, with a further five substantive proposals put to lessees, subject to final acceptance. One pastoral lease has been purchased outright by the Crown. A further 134 leases are at various stages of the process.

The 53 substantive proposals accepted, and the Crown lease purchase resulted in approximately 141,333 hectares of land being returned to full Crown ownership (47%) and approximately 161,783 hectares was freeholded (53%).

During the year LINZ undertook a review of the methodology for valuing the lessor and lessee interests in tenure review and also the implications of introducing market rents for pastoral leases when rents are reviewed (every 11 years). LINZ is advising Ministers on the results.

### Land management collaboration

In the past year LINZ worked collaboratively with both central and local government agencies in the effective management of Crown land.

LINZ assisted Newmont Waihi Gold and the Historic Places Trust with the planning of the proposed relocation of the historic Cornish Pumphouse adjacent to the Waihi gold mine. The old pumphouse was strengthened during the year in preparation for its move in late 2006.

LINZ invested \$365,000 into controlling the lake weed pest *Lagarosiphon major* in Lake Wanaka. This has resulted in a substantial reduction in *Lagarosiphon* infestations in the lake.

LINZ contributed \$350,000 to a collaborative project between central government, Environment Southland, Transit New Zealand, Meridian Energy and the local community to remove an infestation of crack willow from the Mararoa River. The noxious pest is threatening to cause serious river flow and environmental problems.

LINZ supported Environment Southland in their initiative to establish a charitable trust to manage the removal of a large downwind infestation from the seed source on Crown land at Mid Dome.

### Contribution towards Treaty settlements

LINZ was responsible for the delivery of pre-deed valuation of Crown forest land for commercial redress purposes, to an ambitious timeframe agreed between the Nga Kaihautu O Te Arawa Executive Council and the Minister in Charge of Treaty of Waitangi Negotiations. This was an integral part of the settlement with Te Arawa.

# Building Our Capability



> Improving LINZ's capability to respond to Māori was one of the topics discussed at the LINZ Whanau Hui in June.



> Policy General Manager Kevin Kelly was awarded the 2006 Leadership Development Centre Fellowship to study at the London Business School.

LINZ's *Statement of Intent 2005/06* identified several capability challenges facing LINZ as a result of changes in our operational environment. We recognise that to achieve our Vision we need to:

- > attract and retain capable staff, ensuring LINZ has the skills and competencies to deliver our outputs with changing work practices and technology
- > build capability to be able to work strategically and collaboratively across other government agencies
- > take a consistent, risk-based approach to regulation
- > strengthen our focus on delivering services electronically
- > align our culture to ensure we deliver the strategy outlined in the *Statement of Intent*, and
- > ensure LINZ chooses technology that gives us stability of service, and lets us continue to grow and enhance our services.

By meeting these requirements we will enhance the accessibility, responsiveness and effectiveness of services for users.

## Human resources management

### Staff resources (as at 30 June 2006)

*By location and gender:*

LOCATION	TOTAL	FEMALE	MALE
National Office	292	120	172
Auckland	93	33	60
Christchurch	60	25	35
Dunedin	28	9	19
Hamilton	49	21	28
Wellington	47	26	21
<b>TOTAL</b>	<b>569</b>	<b>234</b>	<b>335</b>

Over the past year, the department has undertaken two major initiatives in the capability area. The first of these was the development and implementation of a research-based competency framework to underpin the work undertaken in the previous year relating to LINZ's Vision and Values. The LINZ competencies provide a basis for effective and targeted decision making for staff recruitment and selection, career opportunities, learning and development and performance management.



# Building Our Capability



The second initiative was a Technical Streaming Feasibility Study to investigate the introduction of a technical stream at LINZ, to enable us to recruit, retain and recognise staff with technical skills. The results, which are included in planning for the coming year, cover:

- > the design and development of career paths (including succession planning)
- > the analysis of a skill-based pay component within current remuneration framework
- > a learning and development framework
- > the development of a technical competence framework, and
- > a review of the way roles are defined.

## Industrial relations

The department and the Public Service Association ratified a collective employment agreement with a term of two years that reflects the spirit of the Partnership for Quality Agreement.

## Embedding our values

In dealing with LINZ, customers have an expectation they will receive the same quality service throughout the department. LINZ developed a set of core values during 2004/05 as the building blocks of our organisational culture and to help ensure a unity of purpose and direction among staff.

**Certainty** – a commitment to quality outcomes that endure.

-----  
**Integrity** – honesty and openness, doing our best.

-----  
**Adaptability** – flexibility and innovation, staying ahead of the game.

-----  
**Kotahitanga** – everybody working together as one.

In 2005/06 we undertook a climate survey to gauge the extent to which these values were being practised in the organisation and to benchmark key elements of staff satisfaction against other organisations. The survey achieved a response rate of 85%. Comparison with a New Zealand public and private sector benchmark showed that staff at LINZ are generally more positive than their peers in other organisations, particularly in relation to pay and recognition. Aspects of innovation, the team environment, and work/life balance all rated highly with LINZ staff. The survey has also provided us with priority areas for improvement.

## Information infrastructure

During the year, the Information Technology Group continued to focus on improving its capability. Major highlights during this period were the rationalisation of LINZ's network infrastructure and the move to the Telecom Next Generation Network, the ongoing rationalisation and consolidation of the server environment, the redevelopment of the Intranet and the implementation of a document management system.

Towards the end of the year, focus moved significantly towards supporting the 100% electronic lodgement programme, particularly on ensuring system availability and robustness.

# Building Our Capability

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## Māori responsiveness

Given our responsibilities, LINZ wants to ensure that we can continue to deliver services and products to Māori that reflect the special relationship between the tangata whenua and the land.

In 2005/06 LINZ started to develop a Māori Responsiveness Strategy, through a series of workshops, with the intention to implement it from July 2006.

The strategy has three goals that collectively focus on capability, building strong working relationships with iwi and embedding the strategy across LINZ so that staff and management own and implement it through our everyday business activities.

## Improving evaluation: measuring performance

LINZ continues to work on progressing our evaluative capability. This work is critical to ensure LINZ can demonstrate the impact our policies and services are having on outcomes and to better justify the range and mix of interventions that will best achieve those results. The evaluation activity will also support the work LINZ does through regular monitoring and reporting against output performance. In 2005/06 LINZ started to develop an evaluation framework that would provide the basis for a methodology that encompasses the formative process (the policy phase) processes used to implement the policy choices, and impact evaluation (across the rest of LINZ).

# LINZ's Performance 2005/06



IDENTIFER: HBJ3/1264	^
LAND REGISTRATION DISTRICT: Wellington	
DATE REGISTERED: 23 February 1982 12 am	
PRIOR REFERENCES: F3/492 to 495	
ESTATE: Leasehold	
AREA: 666 square metres	
INSTRUMENT: L 404035.2	
TERM: 999 years as from and including 23.2.1982	v



# Statement of Responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Chief Executive of Land Information New Zealand, for the preparation of Land Information New Zealand's financial statements and the judgements made in the process of producing those statements.

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

In my opinion, these financial statements fairly reflect the financial position and operations of Land Information New Zealand for the year ended 30 June 2006.



**BRENDAN BOYLE**

CHIEF EXECUTIVE, LAND INFORMATION NEW ZEALAND

29 September 2006

Countersigned by:



**TONY MURRAY**

ACTING CHIEF FINANCIAL OFFICER, LAND INFORMATION NEW ZEALAND

29 September 2006



# Audit Report

## TO THE READERS OF THE LAND INFORMATION NEW ZEALAND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Land Information New Zealand (the department). The Auditor-General has appointed me, B R Penrose, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the department, on his behalf, for the year ended 30 June 2006.

### Unqualified opinion

In our opinion the financial statements of the department on pages 21 to 64:

- > comply with generally accepted accounting practice in New Zealand, and
- > fairly reflect:
  - the department’s financial position as at 30 June 2006
  - the results of its operations and cash flows for the year ended on that date
  - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year and its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year, and
  - the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the department on behalf of the Crown for the year ended 30 June 2006.

The audit was completed on 29 September 2006, which is the date at which our opinion is expressed.

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

### Basis of opinion

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

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

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

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

# Audit Report

Audit procedures generally include:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

## Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the department as at 30 June 2006 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the

forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the department on behalf of the Crown for the year ended 30 June 2006. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

## Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the area of IFRS conversion support services, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the department.



**B R PENROSE**

ERNST & YOUNG

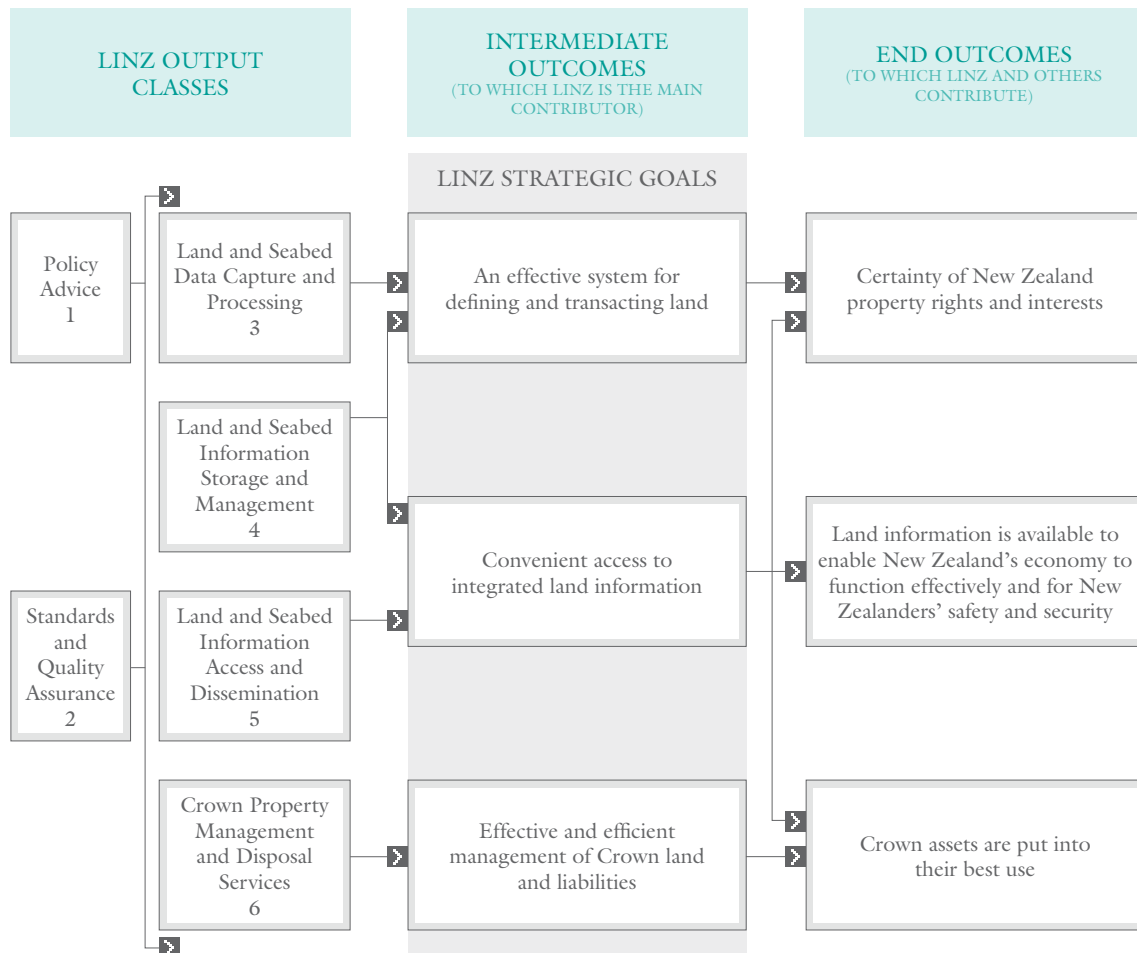
On behalf of the Auditor-General

Wellington, New Zealand



# Performance Information

## LINZ'S OUTCOMES FRAMEWORK



## STATEMENT OF FORECAST SERVICE PERFORMANCE

### Output Class 1 – Policy Advice

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

### *Output 110 – Policy Development and Ministerial Services*

#### Description

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

- > land rights register
- > property valuation for rating purposes
- > geodetic and cadastral survey reference systems
- > topographic and hydrographic information systems, and
- > management, acquisition and disposal of Crown land and Crown land-related liabilities and responsibilities (outside the conservation estate)

# Performance Information

and the provision of support to the Minister, which includes:

- > draft replies to ministerial correspondence (including Official Information Act and Ombudsmen requests)
- > answers to parliamentary questions
- > draft speech notes
- > draft communication releases
- > briefing notes, and
- > the production of the department’s accountability documents (*Estimates, Statement of Intent, Output Plan, Annual Report*).

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

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
Policy advice, briefings and support on matters relating to departmental functions will be provided to the Minister as required.	133 briefings and submissions were provided to the Minister.
Ministerial support services will be provided as required, including: <ul style="list-style-type: none"> <li>&gt; draft replies for letters to the Minister, including Official Information Act requests, and</li> <li>&gt; draft responses to parliamentary questions.</li> </ul> 300 (est) ministerials will be processed. (range 250 – 350)	144 ministerial responses and 28 responses to parliamentary questions were completed.  The number of ministerial briefings was lower than expected.
Accountability documents (as indicated in the description) completed.	All accountability documents were completed ( <i>Annual Report 2005/06, Output Plan 2005/06 and SOI 2006/07</i> ).
<b>Quality</b>	
All policy advice, reports and draft responses for the Minister’s signature will meet the policy advice/ ministerial communication quality standards in the Appendix on page 75.	Standards were met.
The department will achieve a minimum rating of “good” from six-monthly assessments by the Minister on its performance against the policy advice quality standard.	A rating of “good” or “very good” was received for January to June 2006.
95% of the department’s Cabinet papers will be accepted by the Minister’s office without amendment.	100% of cabinet papers were accepted by the Minister’s office without amendment.

# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
95% of draft responses to ministerials will be accepted by the Minister without amendment.	95% of responses to ministerial correspondence were accepted without amendment.
All accountability documents will meet the advised standards and specifications.	All standards and specifications were met.
<b>Timeliness</b>	
All policy advice will be delivered to specified deadlines agreed with the Minister.	All stated deadlines were met.
All draft responses to ministerial correspondence will be provided within 10 working days or by a date agreed with the Minister's office.	All replies were provided within 10 working days or the date agreed with the Minister's office.
All draft responses to parliamentary questions will be provided to deadline.	All stated deadlines were met.

## FINANCIAL PERFORMANCE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000	VOTED 30/6/06 \$000
2,141	Revenue Crown	1,899	1,899
18	Revenue Other	20	25
<b>2,159</b>	<b>Total Revenue</b>	<b>1,919</b>	<b>1,924</b>
<b>2,140</b>	<b>Total Expenses</b>	<b>1,905</b>	<b>1,924</b>
<b>19</b>	<b>Net Surplus/(Deficit)</b>	<b>14</b>	<b>-</b>

### Output Class 2 – Standards and Quality Assurance

This output class includes the regulatory activities for which the department is responsible. It encompasses standard-setting and quality assurance for the following activities:

- > the delivery of Crown property management, acquisition and disposal services
- > property valuation for rating purposes, and
- > the collection, authorisation, management and dissemination of information associated with the:
  - land rights registration system
  - geodetic and cadastral survey reference systems, and
  - topographic and hydrographic information systems.

There are two outputs in this output class.

# Performance Information

## Output 210 – Standards

### Description

This output includes the development, review and implementation of standards for the quality and functionality of the national systems for which LINZ is responsible.

In addition this output involves:

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

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
10 new regulatory interventions or amendments to existing interventions will be required to reflect new government policy, legislation, case law, audit findings, risk analysis and technology changes to the land rights register. (range 5 – 15)	2 interim standards and 1 full standard were developed during the reporting period. This is due to the level of activity requiring new regulatory interventions or amendments.
70 documents related to interventions will be reviewed (year 2 of 3-year review).	99 documents were either reviewed or under review as at 30 June 2006.
<b>Quality</b>	
All new and reviewed regulatory interventions will be in accordance with the LINZ risk-based standards development framework.	The standards were developed in accordance with the risk-based standards development framework.
All regulatory interventions will be peer reviewed (including by the Expert Committee for standards) and signed off by the responsible regulator.	The standards were signed off by the regulators (interim standards do not require peer review).
<b>Timeliness</b>	
All regulatory interventions will be developed, reviewed and implemented in accordance with the timeframes specified in the annual business plan.	A detailed interventions review programme has been developed and is currently running in accordance with specified timeframes.



# Performance Information

## Output 220 – Quality Assurance

### Description

This output involves the ongoing monitoring and auditing of compliance to ensure that standards are met.

PERFORMANCE MEASUREMENT	PERFORMANCE
<p><b>Quantity</b></p> <p>Annual Quality Assurance plan will be completed for each regulator (4).</p> <p>9 audit programmes will be completed in all regulatory areas.</p>	<p>3-year compliance plans were completed for each of the 4 regulators.</p> <p>All audit programmes were successfully completed during 2005/06. Within these audit programmes the following audits were completed:</p> <p><b>Land Titles Register</b></p> <ol style="list-style-type: none"> <li>1. Titles registration audits in Wellington, Christchurch and Dunedin Processing Centres</li> <li>2. E-dealing compliance review audits of conveyancers</li> </ol> <p><b>Survey System</b></p> <ol style="list-style-type: none"> <li>3. Customer Services cadastral survey audits in Wellington and Christchurch Processing Centres</li> <li>4. Audit of 11 cadastral survey firms' processes</li> <li>5. Audit of annual programme, as well as the approval and update processes for geodetic surveys</li> </ol> <p><b>Valuation</b></p> <ol style="list-style-type: none"> <li>6. The general revaluation audit programme of 27 territorial authorities</li> <li>7. Audits of objections from the 2004/05 revaluations</li> <li>8. Audits of the revaluation systems and controls within 3 valuation service providers</li> </ol> <p><b>Crown Property/Commissioner Crown Lands</b></p> <ol style="list-style-type: none"> <li>9. Acquisition and disposal audits</li> <li>10. Lease and licence audit for the CCL</li> <li>11. Monitoring reports for targets and accredited suppliers</li> </ol> <p><b>National Topographic Hydrographic Authority</b></p> <ol style="list-style-type: none"> <li>12. Customer Services topographic data maintenance</li> <li>13. Customer Services tidal data capture process audit is under way</li> <li>14. Production and publication of the <i>Nautical Almanac</i></li> <li>15. Raster maintenance system.</li> </ol>

# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quality</b>	
<p>The annual QA monitoring plan will include:</p> <ul style="list-style-type: none"> <li>&gt; areas identified by “high-risk area” reports</li> <li>&gt; follow-up of previous audit recommendations, and</li> <li>&gt; relevant standards to be complied with.</li> </ul>	All audits and QA monitoring targeted high-risk areas. Follow-up audits were undertaken on previous audit recommendations. The LINZ Regulatory group ensures compliance with relevant standards or regulations as part of the audit process.
All audits conducted under these programmes will meet the criteria specified in the terms of reference for each audit.	All audits met the methodology and scope criteria specified in their terms of reference.
<b>Timeliness</b>	
All timeframes specified in the annual business plan will be met.	All audits in the annual business plan were completed.
All audits conducted under these programmes will meet the timeframes specified in the terms of reference for each audit.	Not all timeframes specified in the terms of reference were met. The introduction of, and training for, new audit best practice methodologies, as well as instituting a comprehensive consultation/education process with auditees, resulted in our underestimating the timelines.

## FINANCIAL PERFORMANCE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000	VOTED 30/6/06 \$000
4,997	Revenue Crown	4,872	4,872
4,341	Other Revenue	5,165	6,862
<b>9,338</b>	<b>Total Revenue</b>	<b>10,037</b>	<b>11,734</b>
<b>9,496</b>	<b>Total Expenses</b>	<b>10,037</b>	<b>10,970</b>
<b>(158)</b>	<b>Net Surplus/(Deficit)</b>	<b>-</b>	<b>764</b>



# Performance Information

## Output Class 3 – Land and Seabed Data Capture and Processing

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

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

#### Description

This output involves the delivery of accurate and timely services in relation to the land rights registration and cadastral survey systems including:

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

Work in this output is defined in the annual service delivery work programmes of the Registrar-General of Land and the Surveyor-General in LINZ.

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
46,800 (est) <sup>2</sup> titles documents will be processed from <b>electronic</b> lodgement.	96,356 documents were processed from electronic lodgement.
793,200 (est) titles documents will be processed from <b>paper</b> lodgement.	772,345 documents were processed from paper lodgement.
4,200 (est) cadastral survey datasets will be processed from <b>electronic</b> lodgement.	5,542 cadastral survey datasets were processed from electronic lodgement.
9,800 (est) cadastral survey datasets will be processed from <b>paper</b> lodgement.	9,962 cadastral survey datasets were processed from paper lodgement.
<b>Quality</b>	
A minimum rating of “good” will be achieved in the quality category of monthly independent telephone surveys of randomly selected regular customers.	The standard of “good” was met or exceeded in every month.
All titles documents will be processed according to standards set by the Registrar-General of Land.	Monitoring in processing centres confirms that title documents were processed to RGL standards.  Regulatory QA audits of title documents carried out in Wellington, Christchurch and Dunedin have substantiated that there are no significant issues relating to capture and processing quality.

<sup>2</sup> Based on Landonline e-lodgement targets – 9.92% of routine title documents (instruments) lodged/processed electronically from 1 July 2005 to 30 June 2006; and 30% of cadastral survey datasets lodged electronically from 1 July 2005 to 30 June 2006.

# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
Error ratings recorded against titles will be 0.2% or less as recorded in the Corrections Register.	The error ratings recorded were lower than 0.2% of titles issued or re-issued in each processing centre for the year.
All cadastral survey datasets (CSDs) will be processed and integrated into Landonline according to standards set by the Surveyor-General.	Monitoring in processing centres confirms that cadastral survey datasets were processed to the Surveyor-General's standards.  Regulatory QA audits of cadastral survey datasets carried out in Wellington and Christchurch have substantiated that there are no significant issues relating to capture and processing quality.
<b>Timeliness</b>	
A minimum rating of "good" will be achieved in the timeliness category of monthly independent telephone surveys of randomly selected regular customers.	The standard of "good" was met or exceeded in every month.
Landonline system will be available 99.5% of the time between 7am and 7pm on working days.	Landonline system was available for data processing 99.2% of time.  A series of infrastructure-related incidents caused outages during this period, particularly during October. Reviews conducted have identified causes and remedies have been installed.
95% of titles documents will be processed from paper lodgement within 15 working days. <sup>3</sup>	Performance for the year was 96.7% with April and May achieving 94.3% and 91.2% respectively.  Low performance is attributed to the higher than expected lodgements during March and May and other initiatives being undertaken by Customer Services.
90% of cadastral survey datasets will be processed from electronic lodgement within 10 working days.	Performance for the year was 97.0% with no month below 93%.
90% of cadastral survey datasets will be processed from paper lodgement within 20 working days.	Performance for the year was 96.0% with no month below 91.6%.
90% of cadastral survey datasets will be integrated into Landonline within 20 working days from approval/ deposit. <sup>4</sup>	Performance for the year was 94.0% with 83.9% in February.  Low performance during February can be attributed to specific focus on cadastral survey datasets processed from lodgements, as opposed to integration into Landonline for this month. Performance measurement target was achieved for the year overall.

<sup>3</sup> Electronically lodged titles documents are processed immediately online.

<sup>4</sup> 20 working days from deposit of Land Transfer cadastral datasets, or from approval of Māori Land or Survey Office cadastral datasets.



# Performance Information

## Output 320 – Generation of the National Authoritative Geospatial Record

### Description

This output involves the delivery of those services necessary to meet the requirements set out in the annual work programmes of the LINZ regulatory groups for the generation of the national authoritative geospatial record, i.e. the geodetic reference system, topographic and hydrographic information and the electoral spatial reference dataset.

The work programmes aim to ensure that the data generated is relevant and necessary for the customer and meets the required quality standards.

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
Data on 22 (est) topographic map sheet areas will be revised. (range 15 – 22)	25 map sheet areas were revised.
69 (est) topographic maps will be printed. (range 55 – 69)	111 maps were printed.
Data on 11 (est) hydrographic chart sheet areas will be revised. (range 9 – 13)	4 chart sheet areas were revised and delivered in the full year. 3 chart sheet areas were completed but not held.
8,000 (est) geodetic control marks will be surveyed and/or maintained. (range 7,000 – 9,000)	15,690 control marks were updated. A one-off back capture of benchmarks in the Auckland Region has resulted in a higher than estimated number of survey control marks.
<b>Electoral Spatial Reference Dataset actions</b> > 2,900 (est) address location requests will be processed. (range 2,400 – 3,400) > 11,700 (est) actions arising from new cadastral datasets will be processed. (range 9,700 – 13,700)	2,531 address location requests were processed.  11,052 address actions arising from new cadastral datasets were processed.
<b>Quality</b>	
All topographic and hydrographic data generated will meet the required standards as assessed by QA audit.	Actions were undertaken in accordance with standards and confirmed by the QA audits: tidal, raster chart series, production of <i>Nautical Almanac</i> , topographic data maintenance, <i>Notices to Mariners</i> , map production and chart production.
All geodetic data generated will meet the quality standards of the Surveyor-General as assessed by QA audit.	Actions are being undertaken, confirmed by audit, in accordance with standards.

# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
All Electoral Spatial Reference Dataset actions will meet the quality standards in the Service Level Agreements with Statistics NZ, the Electoral Enrolment Centre, the Chief Electoral Office and the Surveyor-General, as assessed by QA audit.	While no audits have been undertaken it is believed services are in accordance with standards defined in the Service Level Agreements.
<b>Timeliness</b>	
95% of new data, maps or charts will be available in the databases or for dissemination within 20 working days after acceptance.	Standard was met (100%) across all products and services.
95% of notified critical changes, errors or omissions in topographic data will be available on NZ TopoOnline within 4 working days of acceptance for individual features.	No critical errors, charges or omissions were notified for inclusion in NZ TopoOnline during the reporting period.
95% of new geodetic data will be available in the databases or for dissemination within 20 working days after receipt.	15,594 out of 15,690 new data entries (99.4%) were available within standard.
90% of address location requests will be processed within 20 working days from receipt.	2,004 out of 2,531 address location requests (79.2%) were processed within standard.
90% of actions arising from new cadastral datasets will be processed within 10 working days of approval/deposit. <sup>5</sup>	11,052 out of 11,212 actions (98.6%) were processed within standard.

<sup>5</sup> 20 working days from deposit of Land Transfer cadastral datasets, or from approval of Māori Land or Survey Office cadastral datasets.

# Performance Information



## *Output 330 – Delivery of the Crown Property Clearance Service*

### **Description**

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

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
3,000 (est) property reports will be cleared and a statutory decision made. (range 2,500 – 3,500)	2,758 statutory decisions were made.
<b>Quality</b>	
The service will be provided in accordance with the Crown Property Standards as assessed by QA audit.	A QA audit confirmed decisions are made in accordance with Crown Property Standards.
<b>Timeliness</b>	
95% of statutory reports and recommendations received will be cleared or responded to within 5 working days.	88.91% were cleared or responded to within 5 working days. The variation is due to the introduction of a new information system mid-year and the consequential downtime associated with training and implementation.

### FINANCIAL PERFORMANCE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000	VOTED 30/6/06 \$000
14,426	Revenue Crown	19,305	19,945
22,257	Other Revenue	21,900	20,976
<b>36,683</b>	<b>Total Revenue</b>	<b>41,205</b>	<b>40,921</b>
<b>37,438</b>	<b>Total Expenses</b>	<b>46,531</b>	<b>49,994</b>
<b>(755)</b>	<b>Net Surplus/(Deficit)</b>	<b>(5,326)</b>	<b>(9,073)</b>

# Performance Information

## Output Class 4 – Land and Seabed Information Storage and Management

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

There are two outputs in this output class.

### *Output 410 – Ongoing Maintenance of an Information Systems Infrastructure that Protects the Integrity and Security of Authoritative Databases*

#### **Description**

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

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quality</b>	
<b>Electronic facilities management for Landonline</b> Will be managed in accordance with the quality standards in the contract.	The standards have been met to date.
<b>Maintenance of information systems infrastructure</b> Will be managed in accordance with the code of practice and specifications for Information Security Management systems and consistent with the New Zealand e-Government Interoperability Framework (e-GIF). <sup>6</sup>	It has been managed in accordance with the code of practice and specifications and is consistent with eGIF.
<b>Timeliness</b>	
<b>Electronic facilities management for Landonline</b> Landonline will be available 99.5% of time between 6am and 8pm Monday-Friday, and 9am-12 noon on Saturdays.	Landonline system was available 98.4% of time.  Late in 2005 there were a number of infrastructure-related incidents that caused outages for Landonline. Following reviews of those incidents, initiatives were implemented to address them, and from January 2006 to 30 June 2006 Landonline has been available 99.6% of the time.

<sup>6</sup> The NZ e-Government Interoperability Framework enhances the capability of agencies to integrate information/services across agency boundaries and provide easy electronic access to government information/services for individuals and businesses.



# Performance Information

## Output 420 – Information Systems Development

### Description

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

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
<p>12 projects will be undertaken as determined by the LINZ strategic project approval process and aligned with the Government’s objectives and funding priorities. (range 10 – 15)</p>	<p>10 active strategic projects were live as at 1 July 2005:</p> <ul style="list-style-type: none"> <li>&gt; LINZ Geospatial Portal Scoping Study</li> <li>&gt; Geospatial Information Strategy</li> <li>&gt; Tenure review valuation and market rent evaluation</li> <li>&gt; Ocean Survey 20/20</li> <li>&gt; Māori Land Court Order registration</li> <li>&gt; Intranet redevelopment</li> <li>&gt; WAN convergence (completed)</li> <li>&gt; IT services management programme</li> <li>&gt; Electronic Document Management System, and</li> <li>&gt; Hydrographic Data Infrastructure Phase 1.</li> </ul> <p>Three new strategic projects were approved by the LINZ Executive Committee in 2005/06:</p> <ul style="list-style-type: none"> <li>&gt; New topographic map series</li> <li>&gt; Review of topographic information needs and development of vision, and</li> <li>&gt; LINZ 10-Year Strategy.</li> </ul>
<b>Quality</b>	
<p>Projects will be managed in accordance with the LINZ Project Governance Framework, which includes:</p> <ul style="list-style-type: none"> <li>&gt; risk management</li> <li>&gt; robust governance arrangements, and</li> <li>&gt; evaluation and review.</li> </ul>	<p>The LINZ Project Governance Framework includes project status reporting, risk management, project scope change requests plus a post-project review. The new Framework also includes a post-project benefit analysis.</p> <p>All projects were managed in accordance with the LINZ Project Governance Framework.</p>
<p>Project deliverables will meet the quality standards defined in the relevant project plan.</p>	<p>All projects are on target to meet the quality standards.</p>
<b>Timeliness</b>	
<p>The timelines set in the project plans for each development project will be met.</p>	<p>All projects are on target for completion with no major slippages to report.</p>

# Performance Information

## FINANCIAL PERFORMANCE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000	VOTED 30/6/06 \$000
3,561	Revenue Crown	4,213	4,723
29,313	Other Revenue	26,014	24,913
<b>32,874</b>	<b>Total Revenue</b>	<b>30,227</b>	<b>29,636</b>
<b>26,695</b>	<b>Total Expenses</b>	<b>27,856</b>	<b>28,389</b>
<b>6,179</b>	<b>Net Surplus/(Deficit)</b>	<b>2,371</b>	<b>1,247</b>

### Output Class 5 – Land and Seabed Information Access and Dissemination

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

#### *Output 510 – Provision of Access to Information and Services*

##### Description

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

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

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
<b>Land title, and cadastral and geodetic survey information</b>	3,223,954 electronic title records were supplied.
> 2,900,000 <b>electronic</b> title records will be supplied. (range 2,530,000 – 3,270,000)	
> 21,000 <b>paper</b> title records will be supplied. (range 17,000 – 25,000)	36,227 paper title records were supplied.  Volumes were greater than forecast because of a change to the reporting parameters.
> 200,000 <b>electronic</b> survey records will be supplied. (range 143,000 – 257,000)	234,575 electronic survey records were supplied.
> 3,600 <b>paper</b> survey records will be supplied. (range 2,800 – 4,400)	5,145 paper survey records were supplied.  Volumes were greater because of higher than anticipated requests by customers.



# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quality</b>	
<p><b>Land title, and cadastral and geodetic survey information</b></p> <p>A minimum rating of “good” will be achieved in the quality category of monthly independent telephone surveys of randomly selected regular customers.</p>	<p>The standard of “good” was met or exceeded in every month.</p>
<p><b>Topographic and hydrographic information (maps, charts and information)</b></p> <p>A full inventory of topographic and hydrographic information will be maintained.</p>	<p>Complete inventories exist for all information.</p> <p>The key inventories are:</p> <ul style="list-style-type: none"> <li>&gt; All available charts and maps exist in the warehouse and the distribution inventory system for the inventory of all hydrographic digital data is contracted to NIWA.</li> <li>&gt; An inventory of all New Zealand aerial photography is updated annually on contract to New Zealand Aerial Mapping.</li> </ul>
<p>In an annual survey a minimum rating of “good” will be achieved from 90% of regular customers who use topographic and hydrographic information products and services. The survey will include the following attributes:</p> <ul style="list-style-type: none"> <li>&gt; Products and services meet customers’ core needs.</li> <li>&gt; Channel delivery meets needs.</li> <li>&gt; Goods and services are consistently available.</li> </ul>	<p>Satisfaction research is under way to measure these attributes and will be completed in the 2006/07 financial year.</p> <p>The survey was deferred due to the high level of consultation with customers from late 2005 through June 2006 (including Topographic Information Infrastructure, Hydrographic Data Infrastructure, Geospatial Portal Project, Ocean Survey 20/20, and new 1:50,000 Map Series).</p>
<b>Timeliness</b>	
<p><b>Land title, cadastral and geodetic survey information</b></p> <p>Landonline system will be available 99.5% of the time between 7am and 7pm on working days.</p>	<p>Landonline system was available for external access 98.0% of time.</p> <p>A series of infrastructure-related incidents caused outages during this period, particularly in September, October, November and December 2005 and May 2006, when the availability was below target. Infrastructure has been replaced and other safety measures implemented.</p>
<p>90% of requests for copies or originals of paper records will be ready for customer collection or viewing or will be dispatched within 2 working days.</p>	<p>Performance for the year was 94.8% of requests supplied on time with 86.4% on time for April.</p>
<p>A minimum rating of “good” will be achieved in the timeliness category of monthly independent telephone surveys of randomly selected regular customers.</p>	<p>The standard of “good” was met or exceeded in every month except December.</p> <p>Customer dissatisfaction with timeliness during December was due to the Landonline system outage.</p>

# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Topographic and hydrographic information (maps, charts and information)</b> NZ Mariner and updates will be dispatched to the customer within 2 working days of order received or update due.	Standard was met.
Topographic maps/hydrographic charts will be dispatched to the retailer within 2 working days of order received.	Standard was met.

## FINANCIAL PERFORMANCE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000	VOTED 30/6/06 \$000
1,324	Revenue Crown	1,245	1,245
5,463	Other Revenue	6,001	5,746
<b>6,787</b>	<b>Total Revenue</b>	<b>7,246</b>	<b>6,991</b>
<b>5,058</b>	<b>Total Expenses</b>	<b>5,403</b>	<b>5,545</b>
<b>1,729</b>	<b>Net Surplus/(Deficit)</b>	<b>1,843</b>	<b>1,446</b>

### Output Class 6 – Crown Property Management and Disposal Services

This output class involves the acquisition, management and disposal of land and property administered by the Department on behalf of the Crown.

#### *Output 610 – Crown Property Management and Disposal Services*

##### **Description**

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

- > Crown property management (Note: LINZ administers 4,500 properties on behalf of the Crown: of these, 2,500 properties are in two property management contracts. For a property to be included in a property management contract rates must be levied against that property)
- > Crown property disposal
- > Crown property acquisition
- > Crown Pastoral Lease Land Tenure Reform
- > Crown forest management, and
- > management of land-related liabilities.

# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Quantity</b>	
780 properties will be leased or licensed. (range 750 – 900)	779
Revenue sales will be revised in March to \$4,688,957 (±10%) from the properties available for disposal.	Revenue sales as at 30 June 2006 total \$4,937,957.
Properties will be purchased (undertaken on an “as required” basis).	0
15 substantive Tenure Review proposals will be put to leaseholders. (range 12 – 18)	17
72 Crown Forest Licences will be managed. (range 70 – 80)	71
450 land-related liabilities will be managed. (range 300 – 600).	380
<b>Quality</b>	
<p>Services will be delivered in accordance with:</p> <ul style="list-style-type: none"> <li>&gt; the specifications in the property management contracts</li> <li>&gt; statutory requirements</li> <li>&gt; LINZ Crown Pastoral Land Standards</li> <li>&gt; the specifications in Part 2 of the Crown Forest Licence Management Agreement, and</li> <li>&gt; the requirements in the LINZ “Operating Framework for the Investigation and Management of Land Related Crown Liabilities”.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Services were delivered within the specifications of the property management contracts.</li> <li>&gt; All property disposals were completed in terms of the LINZ Standards and Guidelines including statutory and government-directed requirements.</li> <li>&gt; All substantive proposals put were compliant with the Crown Pastoral Land Standards. Each review follows a complex and robust process to ensure that this is the case.</li> <li>&gt; Specifications in Part 2 of the Crown Forest Licence Management Agreement have been met.</li> <li>&gt; The management of contingent liabilities has been in accordance with the requirements of the Operating Framework.</li> </ul>



# Performance Information

PERFORMANCE MEASUREMENT	PERFORMANCE
<b>Timeliness</b>	
<p>Services will be delivered in accordance with:</p> <ul style="list-style-type: none"> <li>&gt; the timeframes in the property management contracts</li> <li>&gt; statutory requirements</li> <li>&gt; the timeframes in Part 2 of the Crown Forest Licence Management Agreement, and</li> <li>&gt; the timeframes in the LINZ “Operating Framework for the Investigation and Management of Land Related Crown Liabilities”.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; All services were delivered within property management contract timeframes.</li> <li>&gt; All property disposal processes including statutory requirements were undertaken in a timely manner in terms of LINZ Standards and Guidelines and instructions to LINZ disposal contractors.</li> <li>&gt; Timeframes in Part 2 of the Crown Forest Licence Management Agreement were met in full.</li> <li>&gt; The management of contingent liabilities has been in accordance with the requirements of the Operating Framework.</li> </ul>
Tenure Review substantive proposals will be put to the leaseholder within 10 working days of being signed on behalf of the Crown.	All 17 substantive proposals put to leaseholders were within 10 working days of being signed by the Crown.
Revenue target will be reached by year end.	<p>Revenue target was met by 30 June 2006.</p> <p>Target was revised from \$3,318,000 to \$4,688,000.</p> <p>New target was exceeded by \$249,957.</p>

## FINANCIAL PERFORMANCE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000	VOTED 30/6/06 \$000
14,830	Revenue Crown	13,978	17,611
47	Other Revenue	34	58
<b>14,877</b>	<b>Total Revenue</b>	<b>14,012</b>	<b>17,669</b>
<b>12,251</b>	<b>Total Expenses</b>	<b>13,076</b>	<b>17,669</b>
<b>2,626</b>	<b>Net Surplus/(Deficit)</b>	<b>936</b>	<b>-</b>

# Financial Statements

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

ACTUAL 30/6/05 \$000	NOTES	ACTUAL 30/6/06 \$000	BUDGET (NOTE 1) 30/6/06 \$000
	<b>Revenue</b>		
41,279	Crown	45,512	50,295
61,439	Other 2	59,134	58,580
<b>102,718</b>	<b>Total operating revenue</b>	<b>104,646</b>	<b>108,875</b>
	<b>Expenditure</b>		
36,536	Personnel costs 3	38,923	38,384
43,085	Operating costs 4	52,296	61,512
9,356	Depreciation 5	9,488	10,494
4,101	Capital charge 6	4,101	4,101
<b>93,078</b>	<b>Total expenditure</b>	<b>104,808</b>	<b>114,491</b>
<b>9,640</b>	<b>Net surplus/(deficit)</b>	<b>(162)</b>	<b>(5,616)</b>

## STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2006

ACTUAL 30/6/05 \$000	NOTES	ACTUAL 30/6/06 \$000	BUDGET (NOTE 1) 30/6/06 \$000
51,259	Taxpayers' funds as at 1 July	51,259	51,259
9,640	Net surplus	(162)	(5,616)
<b>9,640</b>	<b>Total recognised revenue and expense for the year</b>	<b>(162)</b>	<b>(5,616)</b>
(9,640)	Provision for repayment of surplus to the Crown 7	–	–
–	Capital withdrawal	(3,000)	–
<b>51,259</b>	<b>Taxpayers' funds as at 30 June</b>	<b>48,097</b>	<b>45,643</b>

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

# Financial Statements

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2006

ACTUAL 30/6/05 \$000		NOTES	ACTUAL 30/6/06 \$000	BUDGET 30/6/06 \$000
51,259	Taxpayers' funds		48,097	45,643
<b>51,259</b>	<b>Total taxpayers' funds</b>		<b>48,097</b>	<b>45,643</b>
	<i>Represented by:</i>			
	<b>Current assets</b>			
4,430	Cash and bank		2,858	6,995
578	Prepayments		860	600
10,292	Debtors and receivables	8	5,751	4,095
<b>15,300</b>	<b>Total current assets</b>		<b>9,469</b>	<b>11,690</b>
	<b>Non-current assets</b>			
65,711	Property, plant and equipment	9, 10	58,765	59,682
965	Work in progress		419	–
<b>66,676</b>	<b>Total non-current assets</b>		<b>59,184</b>	<b>59,682</b>
<b>81,976</b>	<b>Total assets</b>		<b>68,653</b>	<b>71,372</b>
	<b>Less current liabilities</b>			
9,875	Creditors and payables	11	9,402	12,120
1,115	Provisions	12	281	3,609
9,640	Provision for repayment of surplus to Crown	7	–	–
3,757	Employee entitlements	13	4,132	4,000
1,638	Deferred revenue		1,937	2,000
<b>26,025</b>	<b>Total current liabilities</b>		<b>15,752</b>	<b>21,729</b>
	<b>Non-current liabilities</b>			
4,692	Employee entitlements	13	4,804	4,000
<b>4,692</b>	<b>Total non-current liabilities</b>		<b>4,804</b>	<b>4,000</b>
<b>30,717</b>	<b>Total liabilities</b>		<b>20,556</b>	<b>25,729</b>
<b>51,259</b>	<b>Net assets</b>		<b>48,097</b>	<b>45,643</b>

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

# Financial Statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2006

ACTUAL 30/6/05 \$000	NOTES	ACTUAL 30/6/06 \$000	BUDGET 30/6/06 \$000
	<b>Cash flows from operating activities</b>		
	<b>Cash provided from:</b>		
	Supply of outputs to:		
36,940	Crown	50,588	57,435
60,939	Other	58,898	57,999
<b>97,879</b>		<b>109,486</b>	<b>115,434</b>
	<b>Cash disbursed to:</b>		
	Produce outputs:		
(37,138)	Personnel	(38,607)	(34,139)
(45,961)	Operating	(53,488)	(61,489)
(4,101)	Capital charge	(4,101)	(4,101)
(87,200)	Cash disbursed to cost of producing outputs	(96,196)	(99,729)
<b>10,679</b>	<b>Net cash flows from operating activities</b> 14	<b>13,290</b>	<b>15,705</b>
	<b>Cash flows from investing activities</b>		
	<b>Cash provided from:</b>		
80	Sale of plant, property and equipment	–	–
	<b>Cash disbursed to:</b>		
(3,168)	Purchase of plant, property and equipment	(2,222)	(3,500)
<b>(3,088)</b>	<b>Net cash flows from investing activities</b>	<b>(2,222)</b>	<b>(3,500)</b>
	<b>Cash flows from financing activities</b>		
	<b>Cash disbursed to:</b>		
–	Capital withdrawal	(3,000)	–
(9,896)	Repayment of surplus	(9,640)	(9,640)
<b>(9,896)</b>	<b>Net cash flows from financing activities</b>	<b>(12,640)</b>	<b>(9,640)</b>
<b>(2,305)</b>	<b>Net increase/(decrease) in cash held</b>	<b>(1,572)</b>	<b>2,565</b>
6,735	Add opening cash balance	4,430	4,430
<b>4,430</b>	<b>Closing cash balance at 30 June</b>	<b>2,858</b>	<b>6,995</b>

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

# Financial Statements

## STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2006

Land Information New Zealand 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.

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

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
	<b>Operating commitments</b>	
	<i>Operating lease commitments</i>	
3,631	Less than one year	3,710
2,205	One to two years	3,655
5,301	Two to five years	10,695
624	More than five years	588
<b>11,761</b>	<b>Total operating lease commitments</b>	<b>18,648</b>
	<i>Non-cancellable contracts for supply of goods and services</i>	
8,358	Less than one year	15,531
3,637	One to two years	6,113
2,251	Two to five years	–
<b>14,246</b>	<b>Total non-cancellable contracts for supply of goods and services</b>	<b>21,644</b>
<b>26,007</b>	<b>Total operating commitments</b>	<b>40,292</b>
<b>26,007</b>	<b>Total commitments</b>	<b>40,292</b>

There are no capital commitments in the current or prior year.

# Financial Statements

## STATEMENT OF MEMORANDUM ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

ACTUAL 30/6/05 \$000	LANDONLINE (LAND TITLES AND SURVEY AUTOMATION)	ACTUAL 30/6/06 \$000
45,891	Balance as at 1 July	48,448
	<b>Revenue</b>	
59,237	Operating revenue	55,502
<b>59,237</b>	<b>Total revenue</b>	<b>55,502</b>
	<b>Expenses</b>	
56,680	Operating costs	58,488
<b>56,680</b>	<b>Total expenses</b>	<b>58,488</b>
2,557	Net surplus for year	(2,986)
<b>48,448</b>	<b>Balance as at 30 June</b>	<b>45,462</b>

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

## OVERSEAS INVESTMENT OFFICE (OIO) STATEMENT OF MEMORANDUM ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
–	<b>Balance as at 25 August</b>	<b>(686)</b>
–	Revenue from OIO applications	1,153
–	<b>Total revenue</b>	<b>1,153</b>
–	Expenses from OIO operations	721
–	<b>Total expenses</b>	<b>721</b>
–	Net surplus for year	432
–	<b>Balance as at 30 June</b>	<b>(254)</b>

The opening balance is the accumulated deficit from Overseas Investment Commission operations transferred from the Reserve Bank on 25 August.



# Financial Statements

## STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2006

The contingent liability for potential work on Crown lands represents the department's best estimate of the cost of mitigating potential liabilities within its Crown property portfolio.

Quantifiable contingent liabilities are as follows:

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
966	Potential work on Crown lands	–
<b>966</b>	<b>Total contingent liabilities</b>	<b>–</b>

## STATEMENT OF DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

FOR THE YEAR ENDED 30 JUNE 2006

	(FIGURES ARE GST EXCLUSIVE)	EXPENDITURE ACTUAL 30/6/06 \$000	APPROPRIATION VOTED* 30/6/06 \$000	VARIANCE FAVOURABLE/ (UNFAVOURABLE) \$000
	<b>Appropriations for classes of outputs</b>			
D1	Policy Advice	1,905	1,924	19
D2	Standards and Quality Assurance	10,037	10,970	933
D3	Land and Seabed Data Capture and Processing	46,531	49,994	3,463
D4	Land and Seabed Information Storage and Management	27,856	28,389	533
D5	Land and Seabed Information Access and Dissemination	5,403	5,545	142
D6	Crown Property Management and Disposal Services	13,076	17,669	4,593
	<b>Total</b>	<b>104,808</b>	<b>114,491</b>	<b>9,683</b>

\* This includes adjustments made in the Supplementary Estimates (See Note 1).

# Financial Statements

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2006

### THE REPORTING ENTITY

Land Information New Zealand is a government department as defined by section 2 of the Public Finance Act 1989.

These financial statements have been prepared pursuant to section 35 of the Public Finance Act 1989 (as if that section had not been amended by the Public Finance Amendment Act 2004 (PFAA)), in accordance with section 33 of the PFAA.

In addition, the department also reports on the Crown activities and trust monies that it administers.

### MEASUREMENT BASE

The generally accepted accounting practice recognised as appropriate for the measurement and reporting of financial performance and financial position on a modified historical cost basis has been followed by the department.

### ACCOUNTING POLICIES

#### Budget figures

The budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

#### Revenue

The department derives revenue through the provision of outputs to the Crown and for services to third parties.

Third party revenue is recognised when earned while Crown revenue is recognised where it can be reliably

measured. The revenue is reported in the financial period to which it relates. Cash receipts for incomplete services are recognised as deferred revenue.

#### Cost allocation

The department determines the cost of outputs using a cost allocation system, which is outlined below:

- > Costs that are directly related to an output are allocated directly to that output.
- > Costs that are not directly related to a single output class are allocated to Direct Output Producing Cost Centres (DOPCC) using, as a proxy for consumption, cost drivers such as full time equivalent staff (FTEs), floor area and estimated usage.
- > DOPCC costs are allocated to outputs using drivers appropriate to the source of the cost such as FTEs, estimated usage, and direct costs.

### DEBTORS AND RECEIVABLES

Debtors and receivables are stated at estimated realisable value after providing for doubtful and uncollectable debts. A provision for doubtful debts is raised where doubt as to collection exists, and debts which are known to be uncollectable are written off.

### INVENTORIES

Inventories are valued at the lower of cost or net realisable value on a weighted average basis.

### LEASES

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

# Financial Statements

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

## SURPLUS LEASED ACCOMMODATION

The provision for surplus leased accommodation represents the department's liability under lease agreements for surplus leased space. The provision is calculated on the net present value of the rental payable. The liability created is then amortised over the term of the lease.

## STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, cash includes cash balances on hand, held in bank accounts.

Operating activities include cash received from all income sources of Land Information New Zealand, and record the cash payments made for the supply of goods and services.

Investing activities are those relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

## WORK IN PROGRESS

The value of non-current work in progress is the capitalised direct costs of incomplete capital projects.

## RESEARCH COSTS

Research cost is expensed in the period incurred.

## PLANT, PROPERTY AND EQUIPMENT

### Acquisition

All individual assets or groups of assets forming part of a network or which are material in aggregate, costing more than \$3,000, are capitalised and recorded at cost.

### Depreciation

Depreciation is provided on a straight-line basis on all plant, property and equipment, other than non-current work in progress. The depreciation period reflects the expected useful economic lives of the assets and is used to allocate the assets' costs or valuation less estimated residual value. The useful lives of the major classes of assets have been estimated as follows:

Motor vehicles	5 to 7 years
EDP equipment (including network and software)	3 to 20 years
Plant and equipment	4 to 10 years
Furniture and fittings	4 to 10 years
Leasehold property improvements	over term of lease

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.

## IMPAIRMENT

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised as an expense in the Statement of Financial Performance.

# Financial Statements

## PROVISION FOR EMPLOYEE ENTITLEMENTS

### Annual leave

The provision for annual leave represents the amount which the department has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated at current wage and salary rates.

### Long service leave and retirement leave

The provision for long service leave and retirement leave represents the department's long-term vested and unvested obligation calculated using the present value of the estimated future cash outflows (future salaries). Obligations payable within 12 months of the reporting date are based on current wages and salary rates.

## FOREIGN CURRENCY

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

Where a forward foreign exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to translate that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward rate and the spot rate on date of settlement is recognised.

Any exchange gains or losses, whether realised or unrealised, are recognised in the statement of financial performance in the period to which they relate.

## FINANCIAL INSTRUMENTS

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. The department enters into forward foreign exchange contracts to hedge foreign currency transactions. Any exposure to gains and losses on these contracts are generally offset by a related loss or gain on the item being hedged.

Apart from the forward foreign exchange contracts, all financial instruments are recognised in the Statement of Financial Position.

## TAXATION

### Income tax

Land Information New Zealand as a government department is exempt from the payment of income tax under section CW31 of the Income Tax Act 2004. Accordingly no charge for income tax has been provided for.

### Fringe benefit tax

Fringe benefit tax is paid on all liable benefits, subject to both general and specific exemptions, provided to employees.

### Goods and services tax (GST)

The Statement of Financial Performance and Statement of Cash Flows are exclusive of GST. The Statement of Financial Position is also exclusive of GST except for creditors and payables and debtors and receivables, which are GST inclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in the Statement of Financial Position.

# Financial Statements

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## COMMITMENTS

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

## CONTINGENT LIABILITIES

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

## TAXPAYERS' FUNDS

This is the Crown's net investment in Land Information New Zealand.

## CHANGES IN ACCOUNTING POLICIES

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

All policies have been applied on a basis consistent with other years.

# Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 1. BUDGET COMPOSITION

	30/6/06 MAIN ESTIMATES \$000	30/6/06 SUPP. ESTIMATES CHANGES \$000	30/6/06 BUDGET TOTAL \$000
<b>Revenue</b>			
Crown	52,871	(2,576)	50,295
Other	54,824	3,756	58,580
<b>Total revenue</b>	<b>107,695</b>	<b>1,180</b>	<b>108,875</b>
<b>Expenditure</b>			
Personnel costs	37,784	600	38,384
Operating costs	59,706	1,806	61,512
Depreciation	10,283	211	10,494
Capital charge	4,998	(897)	4,101
<b>Total expenditure</b>	<b>112,771</b>	<b>1,720</b>	<b>114,491</b>
<b>Net surplus/(deficit)</b>	<b>(5,076)</b>	<b>(540)</b>	<b>(5,616)</b>

### EXPLANATION OF MAJOR CHANGES IN SUPPLEMENTARY ESTIMATES

#### Revenue Crown

The decrease in Revenue Crown was mainly from transfers of funding to later years for the Land Tenure Reform programme, partly offset by the carry-forward of expense transfers from 2004/05 of funding for strategic projects.

#### Revenue other

The increase in revenue was due to an upward revision of third party revenue from survey and title transactions. Transaction volumes remained high due to the strong property market.

#### Personnel costs

The increase reflects funding for the 100% electronic lodgement Cabinet decision.

#### Operating costs

The increase reflects funding for the 100% electronic lodgement Cabinet decision.

#### Depreciation

The increase reflects funding for the 100% electronic lodgement Cabinet decision.

#### Capital charge

The decrease in capital charge resulted from deferred capital drawdowns resulting from the use of cash operating surpluses.



# Financial Statements

## 2. OTHER REVENUE

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
8,024	Plan processing	5,935
74	Print and microfilm sales	65
391	Crown property sale fees	361
34,773	Land registration fees	31,886
15,199	Land title searches and services	16,598
251	Electoral support services	125
–	OIO Applications	1,153
1,242	Rating valuation audit charge	1,205
1,485	Miscellaneous	1,806
<b>61,439</b>	<b>Total other revenue</b>	<b>59,134</b>

## 3. PERSONNEL COSTS

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
34,345	Salaries and wages	36,340
826	Staff-related expenses	1,036
218	ACC levies	199
692	Superannuation subsidies	984
(55)	Restructuring costs	–
510	Other	364
<b>36,536</b>	<b>Total personnel costs</b>	<b>38,923</b>

# Financial Statements

## 4. OPERATING COSTS

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
3,797	Leasing and renting costs	3,896
6,754	Other operating costs	9,401
(1)	Provision for doubtful debts	1
139	Audit fee	147
37	Fees to auditors for other services	-
9,343	Professional services	15,798
5,814	Contracts for topography/hydrography	5,696
10,304	Computer operating costs	9,166
6,824	Crown property services	8,009
74	Loss/(gain) on sale of plant, property and equipment	182
<b>43,085</b>	<b>Total operating costs</b>	<b>52,296</b>

## 5. DEPRECIATION

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
450	Leasehold property improvements	409
20	Motor vehicles	15
8,777	EDP equipment (including network and software)	8,978
41	Plant and equipment	26
68	Furniture and fittings	60
<b>9,356</b>	<b>Total depreciation charge</b>	<b>9,488</b>

## 6. CAPITAL CHARGE

The department pays a capital charge to the Crown based on its taxpayers' funds as at 30 June of the previous financial year and 31 December of the current financial year. The capital charge rate for the year ended 30 June 2006 is 8.0% (2005, 8.0%). Changes to taxpayers' funds are mainly affected by capital contribution required for specific outputs. Where the capital charge can be directly attributed to an output, that amount is charged to that output. The remainder is allocated based on the percentage of net plant, property and equipment attributed to outputs, as a proxy for allocating capital charge.

# Financial Statements

## 7. PROVISION FOR REPAYMENT OF SURPLUS TO THE CROWN

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
9,640	Net operating surplus	–
9,640	Total provision for repayment of surplus to the Crown	–

## 8. DEBTORS AND RECEIVABLES

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
2,950	Trade debtors	3,511
(2)	Less provision for doubtful debts	(3)
2,948	Net trade debtors	3,508
7,140	Debtor Crown	2,064
204	Other receivables	179
10,292	Total debtors and receivables	5,751

## 9. PLANT, PROPERTY AND EQUIPMENT

	COST AS AT 30/6/06 \$000	ACCUMULATED DEPRECIATION AS AT 30/6/06 \$000	NET BOOK VALUE AS AT 30/6/06 \$000
Leasehold improvements	5,028	(4,269)	759
Motor vehicles	361	(323)	38
EDP equipment	97,560	(39,867)	57,693
Plant and equipment	1,013	(933)	80
Furniture and fittings	1,108	(913)	195
<b>Total plant, property and equipment</b>	<b>105,070</b>	<b>(46,305)</b>	<b>58,765</b>

# Financial Statements

	COST AS AT 30/6/05 \$000	ACCUMULATED DEPRECIATION AS AT 30/6/05 \$000	NET BOOK VALUE AS AT 30/6/05 \$000
Leasehold improvements	5,731	(4,572)	1,159
Motor vehicles	396	(319)	77
EDP equipment	96,879	(32,755)	64,124
Plant and equipment	1,048	(951)	97
Furniture and fittings	1,135	(881)	254
<b>Total plant, property and equipment</b>	<b>105,189</b>	<b>(39,478)</b>	<b>65,711</b>

## 10. DATABASES

The department has the following land information databases to which no value has been attached:

- > Digital Topographical Database, and
- > Geodetic Database.

## 11. CREDITORS AND PAYABLES

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
1,754	Trade creditors	2,821
8,121	Other payables	6,581
<b>9,875</b>	<b>Total creditors and payables</b>	<b>9,402</b>

# Financial Statements

## 12. PROVISIONS

ACTUAL 30/6/05 \$000		SURPLUS LEASED ACCOM. \$000	POTENTIAL WORK ON CROWN LANDS \$000	REALIGN- MENT COSTS \$000	OTHER \$000	ACTUAL 30/6/06 \$000
4,028	Balance as at 1 July	155	900	–	60	1,115
–	Additional provisions made during the year	–	–	–	–	–
(1,450)	Charge against provision for the year	(28)	–	–	–	(28)
(1,463)	Unused amounts reversed during the year	–	(900)	–	(60)	(960)
–	Discounting changes	154	–	–	–	154
<b>1,115</b>	<b>Total provisions</b>	<b>281</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>281</b>

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

## 13. EMPLOYEE ENTITLEMENTS

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
	<b>Current liabilities</b>	
232	Vested long service leave	209
2,150	Vested annual leave	2,385
1,375	Accrued salaries and wages	1,538
<b>3,757</b>	<b>Total current portion</b>	<b>4,132</b>
	<b>Non-current liabilities</b>	
2,709	Vested retirement leave	3,142
1,983	Unvested long service and retirement leave	1,662
<b>4,692</b>	<b>Total non-current portion</b>	<b>4,804</b>
<b>8,449</b>	<b>Total employee entitlements</b>	<b>8,936</b>

# Financial Statements

## 14. RECONCILIATION OF NET DEFICIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
<b>9,640</b>	<b>Net surplus/deficit</b>	<b>(162)</b>
	<b>Add/(deduct) non-cash items:</b>	
9,356	Depreciation	9,488
<b>9,356</b>	<b>Total non-cash items</b>	<b>9,488</b>
	<b>Add/(deduct) movements in working capital items:</b>	
(4,096)	(Incr)/decr in debtors and receivables	4,541
(7)	(Incr)/decr in prepayments	(282)
(1,932)	Incr/(decr) in creditors and payables	(174)
(2,913)	Incr/(decr) in provisions	(834)
562	Incr/(decr) in current employee entitlements	487
<b>(8,386)</b>	<b>Working capital movements – net</b>	<b>3,738</b>
	<b>Add/(deduct) investing activity items:</b>	
74	Net loss/(gain) on sale of plant, property and equipment	226
(5)	Other	–
<b>69</b>	<b>Total investing activity items</b>	<b>226</b>
<b>10,679</b>	<b>Net cash flow from operating activities</b>	<b>13,290</b>

## 15. FINANCIAL INSTRUMENTS

The department is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, short-term deposits, accounts receivable, accounts payable and forward foreign exchange contracts.

### 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, LINZ 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.

### Fair value

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



# Financial Statements

## Currency risk

Currency risk is the risk that receivables and payables due in foreign currency will fluctuate in value because of changes in foreign exchange rates.

The department uses forward foreign exchange contracts to manage foreign currency exposures. There were no transactions during the year (30 June 2005: nil).

## Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investments or the cost of borrowing. Under section 46 of the Public Finance Act the department cannot raise a loan without ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure on funds borrowed.

The department has no significant exposure to interest rate risk on its financial instruments.

## 16. CONTINGENT ASSETS

The department had no contingent assets as at 30 June 2006 (30 June 2005: nil).

## 17. RELATED PARTY INFORMATION

The department is a wholly owned entity of the Crown. The government significantly influences the role of the department as well as being its 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 these transactions described above, the department has not entered into any related party transactions.

## 18. SEGMENT INFORMATION

Land Information New Zealand is responsible for providing New Zealand's authoritative land and seabed information.

## 19. POST BALANCE DATE EVENTS

In February 2006, LINZ announced that it would be phasing out paper-based lodgement of land transactions by July 2008. With 100% electronic lodgement, the volume of manual processing work will reduce. As electronic lodgement increases, 112 positions are also expected to be phased out, mostly over the next two years. A smaller workforce means we will no longer require five processing centres. In the long-term, we are proposing to retain two processing centres, in Hamilton and Christchurch. By 2015 we expect to have closed the Dunedin, Wellington and Auckland centres. In July 2006, LINZ announced the proposed change process, including the number of positions in the new structure. Transitioning to 100% electronic lodgement will involve continuing to upskill those staff appointed to new roles and assisting those staff not successful in getting a new role to career transition out of the organisation. LINZ has estimated that retraining, career transition and redundancies will cost approximately \$6.9 million over the next two years. At this stage it is estimated that the cost of the closure of the three offices will be approximately \$5.4 million.

# Financial Statements



## 20. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002 the New Zealand Accounting Standards Review Board announced that all New Zealand reporting entities will be required to comply with International Financial Reporting Standards (IFRS) for periods commencing on or after 1 January 2007.

Land Information New Zealand will be adopting New Zealand International Financial Reporting Standards (NZ IFRS) from the financial year ending 30 June 2008, which is also the Crown's transition date. Compliance with NZ IFRS ensures that the financial statements comply with International Financial Reporting Standards. For the purposes of financial reporting the Government of New Zealand is a public benefit entity, as defined under the new standards.

Transition from existing NZ GAAP to NZ IFRS will be made in accordance with NZ IFRS 1 "First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards".

The opening NZ IFRS balance sheet, as at 1 July 2006, is to be prepared by 16 October 2006, with audit clearance by 20 December 2006. This will be part of the initial phase in preparing base comparatives for the financial year ending 30 June 2007. Details of the impact of the adoption to comparative information will be set out in the notes to the accounts for the year ending 30 June 2008.

From 1 July 2006, Land Information New Zealand will submit two Crown Financial Statements for reporting purposes, the first prepared under GAAP requirements as they presently stand, the second prepared under NZ IFRS requirements.

The accounting policies set out above have been applied on a basis consistent with prior years and in preparing the opening NZ IFRS balance sheet as at 1 July 2006.

# LINZ as an Agent of the Crown

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## STATEMENTS AND SCHEDULES: NON-DEPARTMENTAL

The following Non-Departmental Statements and Schedules record the expenses, revenue and receipts, assets and liabilities 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 Performance Information section of this report.

These Non-Departmental Balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2005/06.

## STATEMENT OF ACCOUNTING POLICIES

The measurement and recognition rules consistent with generally accepted accounting practice in New Zealand and Crown accounting policies are applied in the preparation of these Non-Departmental Statements and Schedules.

# LINZ as an Agent of the Crown

## STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2006

The Statement of Non-Departmental Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The department administers these appropriations on behalf of the Crown.

ACTUAL 30/6/05 \$000	(FIGURES ARE GST EXCLUSIVE)	ACTUAL 30/6/06 \$000	APPROPRIATION VOTED* 30/6/06 \$000	VARIANCE FAVOURABLE/ (UNFAVOURABLE) \$000
	<b>Appropriations for output classes to be supplied by other parties</b>			
149	O1 Contaminated Sites	152	500	348
<b>149</b>		<b>152</b>	<b>500</b>	<b>348</b>
	<b>Appropriation for borrowing expense</b>			
392	Coalcorp House Mortgage	–	–	–
	<b>Appropriations for other expenses to be incurred by the Crown</b>			
–	Bad and doubtful debts	10	24	14
394	Crown Forest Management	469	495	26
897	Crown obligations – loss on disposal	49	300	251
994	Crown rates	926	1,107	181
–	Depreciation and amortisation	162	172	10
–	Inventory write-offs	41	44	3
1,588	Land liabilities	(880)	2,836	7,521
845	Residual crown leasehold rents	(95)	771	866
10,929	Proceeds from sale of Transit New Zealand properties	13,139	13,244	105
<b>15,647</b>		<b>13,821</b>	<b>18,993</b>	<b>8,977</b>
	<b>Appropriations for purchase of capital assets of the Crown</b>			
2	Crown acquisitions – Huntly East	–	500	500
950	Crown obligatory acquisitions	62	267	205
<b>952</b>		<b>62</b>	<b>767</b>	<b>705</b>
	<b>Appropriations for repayment of debt</b>			
1,244	Coalcorp House Mortgage	–	976	976
<b>18,384</b>	<b>Total</b>	<b>14,035</b>	<b>21,236</b>	<b>11,006</b>

\* This includes adjustments made in the Supplementary Estimates.

# LINZ as an Agent of the Crown

## STATEMENT OF NON-DEPARTMENTAL MULTI-YEAR APPROPRIATION FOR THE YEAR ENDED 30 JUNE 2006

The Statement of Non-Departmental Multi-Year Appropriation details capital expenditure for the period 2005/06 to 2007/08 against appropriations. The department administers these appropriations on behalf of the Crown.

PURCHASE OR DEVELOPMENT OF CAPITAL ASSETS BY THE CROWN (FIGURES ARE GST EXCLUSIVE)	\$000
Land tenure reform acquisitions	
Multi-year appropriation	40,000
Actual expenditure to 30 June 2006	(5,772)
<b>Balance of appropriation</b>	<b>34,228</b>
Budgeted expenditure to 30 June 2006	6,782
Actual expenditure to 30 June 2006	5,772
<b>Variance</b>	<b>1,010</b>

## SCHEDULE OF NON-DEPARTMENTAL REVENUE AND RECEIPTS FOR THE YEAR ENDING 30 JUNE 2006

The Schedule of Non-Departmental Revenue and Receipts summarises the revenue and receipts that the department administers on behalf of the Crown.

ACTUAL 30/6/05 \$000	(FIGURES ARE GST EXCLUSIVE)	ACTUAL 30/6/06 \$000
	<b>Operating revenue</b>	
13,982	Sale of goods and services	18,478
400	Other operational revenue	105
<b>14,382</b>	<b>Total non-departmental operating revenue</b>	<b>18,583</b>
	<b>Capital receipts</b>	
35,627	Properties sales	4,938
2,912	Land tenure reform sales	2,597
<b>38,539</b>	<b>Total non-departmental capital receipts</b>	<b>7,535</b>

# LINZ as an Agent of the Crown



## SCHEDULE OF NON-DEPARTMENTAL EXPENSES FOR THE YEAR ENDING 30 JUNE 2006

The Schedule of Non-Departmental Expenses summarises the expenses that the department administers on behalf of the Crown. Further details are provided in the Statement of Non-Departmental Expenditure and Appropriations on page 59.

ACTUAL 30/6/05 \$000	(FIGURES ARE GST EXCLUSIVE)	ACTUAL 30/6/06 \$000
	<b>Operating expenses</b>	
140	Non-departmental output classes	152
	Other expenses to be incurred by the Crown:	
1,170	Depreciation and amortisation	162
773	Rental and leasing costs	(95)
(225)	Provision for doubtful debts	(86)
86	Debts write-off/recovered	10
(193)	Write-down/(up) of assets	(1,058)
(17,139)	Loss/(gain) on sale of properties	(10,003)
272	Property disposal costs provision	-
14,563	Other operating expenses	15,883
392	Finance expenses	-
<b>(161)</b>	<b>Total non-departmental operating expenses</b>	<b>4,965</b>
	<b>Capital expenses</b>	
952	Property purchases	1,628
11,618	Land tenure reform purchases	5,772
1,244	Loan repayment	-
<b>13,814</b>	<b>Total non-departmental capital expenses</b>	<b>7,400</b>

# LINZ as an Agent of the Crown

## SCHEDULE OF NON-DEPARTMENTAL ASSETS AND LIABILITIES

AS AT 30 JUNE 2006

The Schedule of Non-Departmental Assets and Liabilities summarises the assets and liabilities that the department administers on behalf of the Crown.

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
	<b>Assets</b>	
	<b>Current assets</b>	
8,077	Cash and bank balances	4,414
9,351	Debtors and receivables	8,060
–	Accounts receivables – State-owned enterprises	16
24	Accounts receivables – Crown entities	430
705	Inventory	749
<b>18,337</b>	<b>Total current assets</b>	<b>13,669</b>
	<b>Non-current assets</b>	
7	Debtors and receivables	7
400,791	Properties held for sale – term	399,502
<b>400,798</b>	<b>Total non-current assets</b>	<b>399,509</b>
<b>419,135</b>	<b>Total assets</b>	<b>413,178</b>
	<b>Liabilities</b>	
	<b>Current liabilities</b>	
13,625	Creditors and payables	12,129
25,267	Provisions	14,119
<b>38,892</b>	<b>Total current liabilities</b>	<b>26,248</b>
	<b>Non-current liabilities</b>	
9,964	Creditors and payables	9,777
7,158	Provisions	12,991
<b>17,122</b>	<b>Total non-current liabilities</b>	<b>22,768</b>
<b>56,014</b>	<b>Total liabilities</b>	<b>49,016</b>



# LINZ as an Agent of the Crown



## SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

AS AT 30 JUNE 2006

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
	<b>Operating commitments</b>	
	<b>Non-cancellable contracts for supply of goods and services</b>	
382	Less than one year	102
–	One to two years	
<b>382</b>	<b>Total non-cancellable contracts for supply of goods and services</b>	<b>102</b>
<b>382</b>	<b>Total operating commitments</b>	<b>102</b>

## SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

AS AT 30 JUNE 2006

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 following table highlights those Crown contingent liabilities that can be quantified. There are numerous other obligations that 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. There may be other unquantifiable claims or contingent liabilities not yet quantified.

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. Quantifiable contingent liabilities are as follows:

ACTUAL 30/6/05 \$000		ACTUAL 30/6/06 \$000
6,398	Legal proceedings and disputes	–
20,186	Other contingent liabilities	18,751
<b>26,584</b>	<b>Total contingent liabilities</b>	<b>18,751</b>

# LINZ as an Agent of the Crown

## STATEMENT OF TRUST MONIES FOR THE YEAR ENDED 30 JUNE 2006

ACCOUNT	AS AT 1/7/05 \$000	CONTRI- BUTION \$000	DISTRI- BUTION \$000	REVENUE \$000	EXPENSES \$000	AS AT 30/6/06 \$000
Land Deposit Trust	2,269	107	(122)	-	-	2,254
Endowment Rentals	1	-	(129)	136	(7)	1
Hunters Soldiers Assistance	50	-	-	1	-	51
Crown Forestry Licences Trust	11,095	55,319	(67,470)	2,028	-	972
<b>Total</b>	<b>13,415</b>	<b>55,426</b>	<b>(67,721)</b>	<b>2,165</b>	<b>(7)</b>	<b>3,278</b>

# LINZ as an Agent of the Crown

## ADDITIONAL INFORMATION

### SUMMARY OF APPROPRIATION CHANGES

APPROPRIATION	NOTES	MAIN ESTIMATES \$000	SUPPLEMENTARY ESTIMATES \$000	TOTAL APPROPRIATED 2005/06 \$000
<b>Departmental appropriations</b>				
D1 Policy Advice	1	2,115	(191)	1,924
D2 Standards and Quality Assurance	2	10,526	444	10,970
D3 Land and Seabed Data Capture and Processing	3	44,087	5,907	49,994
D4 Land and Seabed Information Storage and Management	4	31,980	(3,591)	28,389
D5 Land and Seabed Information Access and Dissemination	5	5,277	268	5,545
D6 Crown Property Management and Disposal Services	6	18,786	(1,117)	17,669
<b>Total</b>		<b>112,771</b>	<b>1,720</b>	<b>114,491</b>
<b>Capital contribution to the department</b>				
Capital investment	7	15,398	(15,398)	–
<b>Non-Departmental output classes</b>				
O1 Contaminated Sites		500	–	500
<b>Borrowing expenses</b>				
Coalcorp House Mortgage	8	306	(306)	–
<b>Other expenses to be incurred by the Crown</b>				
Bad and doubtful debts		24	–	24
Crown Forest Management	9	500	(5)	495
Crown obligations – loss on disposal		300	–	300
Crown rates		1,107	–	1,107
Depreciation and amortisation	10	1,379	(1,207)	172
Inventory write-offs	11	–	44	44
Land liabilities	12	843	1,993	2,836
Residual Crown leasehold rents	13	741	30	771
Proceeds from sale of Transit New Zealand properties	14	7,111	6,133	13,244
<b>Total</b>		<b>12,005</b>	<b>6,988</b>	<b>18,993</b>
<b>Purchase or development of capital assets by the Crown</b>				
Crown acquisitions – Huntly East		500	–	500
Crown obligatory acquisitions		267	–	267
<b>Total</b>		<b>767</b>	<b>–</b>	<b>767</b>
<b>Repayment of debt</b>				
Coalcorp House Mortgage		–	–	–
<b>Total appropriations</b>		<b>126,349</b>	<b>8,402</b>	<b>134,751</b>

# LINZ as an Agent of the Crown

## NOTES:

1. The change reflects the re-allocation of costs to reflect outputs and performance measures.
2. The change reflects the re-allocation of costs to reflect outputs and performance measures.
3. The change reflects funding for the 100% electronic lodgement Cabinet decision.
4. The change reflects carryforwards to 2006/07 for strategic projects funding.
5. The change reflects the re-allocation of costs to reflect outputs and performance measures.
6. The change reflects the net movement in the tenure review programme costs.
7. The change reflects the transfer of capital to outyears to fund future operating deficits.
8. The change reflects the completion of this process in the prior year.
9. The change reflects a revised expectation of costs.
10. The change reflects the completion of this process in the prior year.
11. The change reflects an appropriation being approved for inventory write-offs.
12. The change reflects the carryforward from 2004/05 for the Hangarito Stream remedial project.
13. The change reflects a revised expectation of costs in this area.
14. The change reflects the return of proceeds from Transit New Zealand properties sales under the Land Management Transport Act.

## FINANCIAL OVERVIEW AND PERFORMANCE VARIATIONS

### Net surplus

The Statement of Financial Performance reports a net deficit of \$0.162 million, \$5.45 million lower than the budgeted deficit of \$5.616 million. This favourable result has predominantly resulted from programme delays, for which fundings will be carried forward into 2006/07. There have also been savings from Overseas Investment Office establishment costs, which were lower than forecast.

All of Land Information New Zealand's output classes shown in the Statement of Departmental Expenditure and Appropriations are within appropriation.

The department has initiatives that span financial years. The Continental Shelf delimitation project, which commenced in 1998/99 has appropriation through to

the 2006/07 year. The current multi-year appropriation (MYA) for tenure review for the purchase of lessees' interest in the tenure review properties commenced in 2005/06 and will end in 2007/08. The department also manages separate notional Memorandum Accounts for Survey and Titles operations, and the Overseas Investment Office, which carry forward net operating surpluses of deficits to future years.

### Non-departmental accounts

The underspend in Land Liabilities results from the net movement in a number of provisions that were reviewed during the year, and delays in projects for which funding will be carried forward to 2006/07. Residual Crown Leasehold Rents is also underspent because of reductions in provisions that were reviewed during the year.

# LINZ Information





# Strategy Map

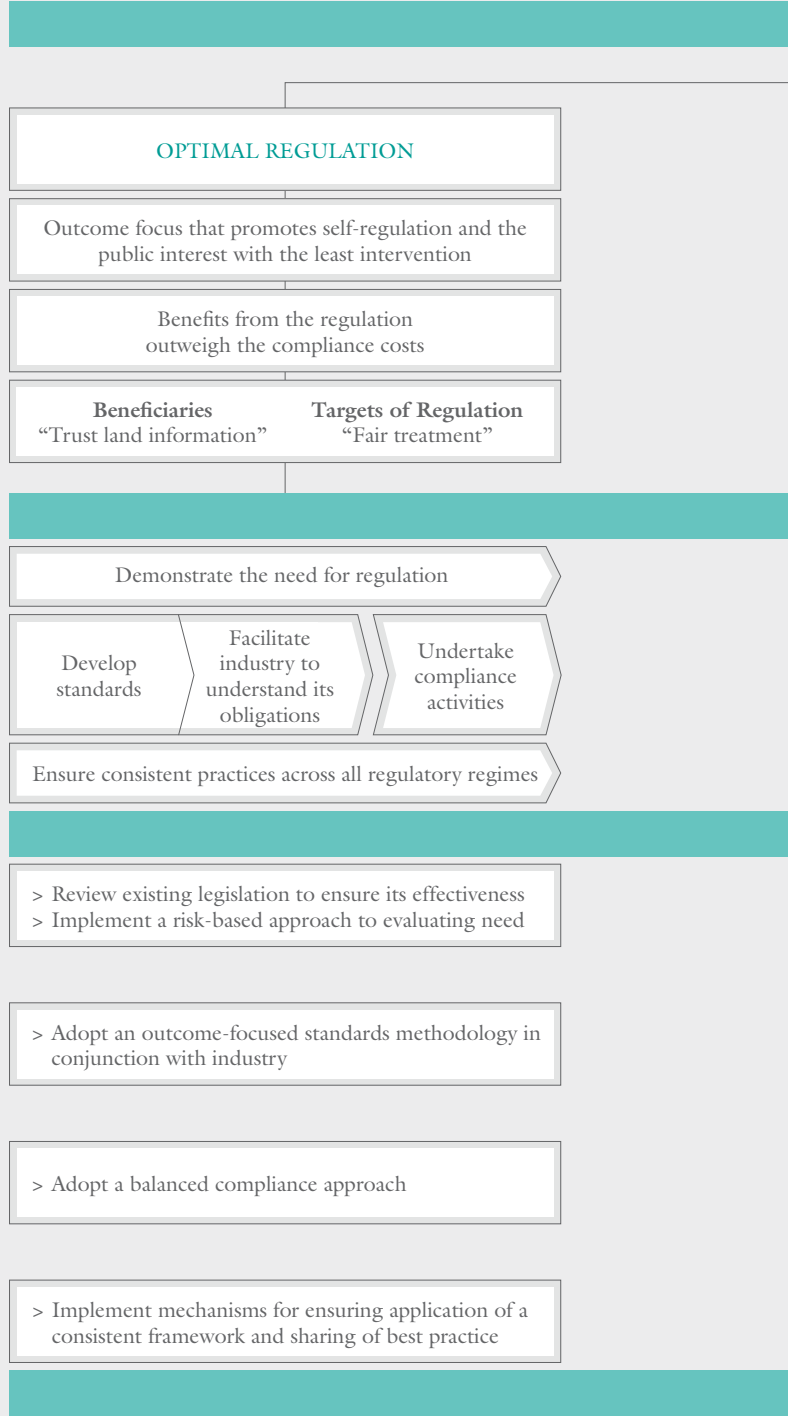
**VISION AND STRATEGIC GOALS**  
 “We will lead an All-of-Government response...”

**FINANCIAL PERSPECTIVE**  
 “...to providing cost-effective access to land information and expertise.”

**CUSTOMER PERSPECTIVE**  
 “We will deliver visible results...”

**PROCESS PERSPECTIVE**  
 “...by successfully migrating customers to electronic channels and leading the co-ordination of land information across government, where it is efficient to do so.”

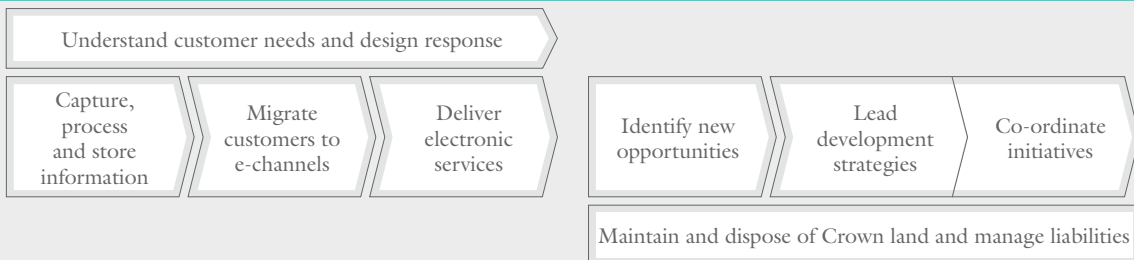
**CAPABILITY IMPROVEMENT INITIATIVES**  
 “Implementing a regulatory framework that ensures consistent, high-quality data, together with advancements in electronic services is key to our future success.”



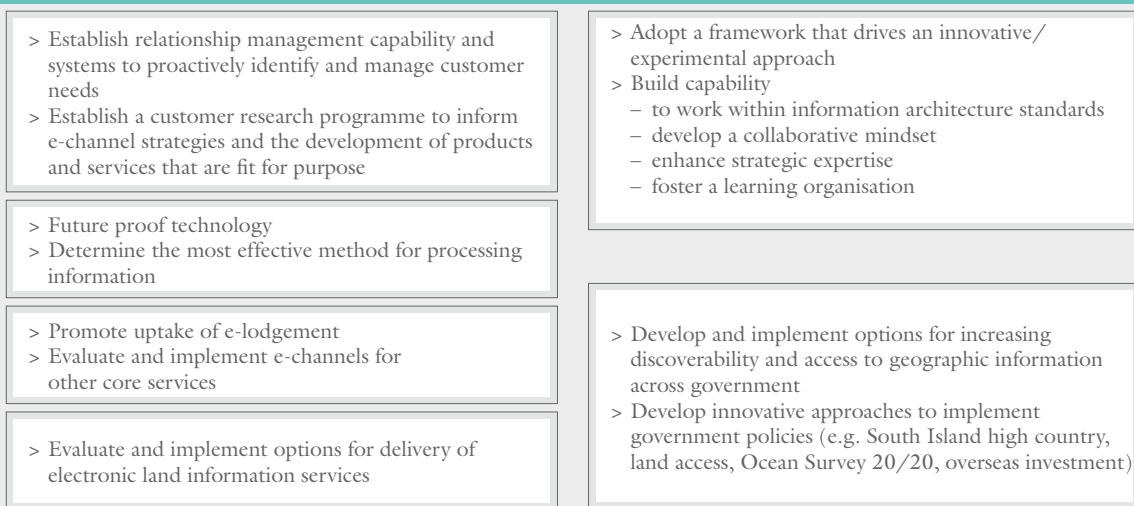
**LINZ IS VALUED AS GOVERNMENT'S CENTRE OF ELECTRONIC LAND INFORMATION AND EXPERTISE**



**ENSURE CONSISTENCY WITH TREATY OF WAITANGI PRINCIPLES AND CROWN OBLIGATIONS TO MAORI**



**EVALUATE RESULTS AND PROVIDE FEEDBACK**



**"ONE-BUSINESS APPROACH" ALIGN CULTURE, STRUCTURE, SYSTEMS AND COMPETENCIES TO STRATEGY**



# LINZ's Responsibilities

## LAND TITLES

LINZ authorises and records changes in property rights and interests in land. This includes creating new titles, recording changes of ownership and interests in land and providing public access to these records. The system LINZ maintains provides an accurate and up-to-date picture of legal ownership of land in New Zealand. Titles products and services are provided via the Internet (for Landonline subscribers) and through LINZ's five processing centres. Bulk digital data is also made available through resellers.

## GEODETTIC AND CADASTRAL SURVEY SYSTEM

The geodetic and cadastral systems work together to provide definition of the dimensions (parcels) of land which are the subject of property in land.

### Geodetic survey system

The geodetic survey system provides the underlying spatial reference system for New Zealand. It involves a network of primary survey marks in the ground. The positions of these marks are recorded in terms of a New Zealand datum, which is compatible with the international global satellite positioning system. The geodetic survey system provides the basis for the cadastral survey system. It also enables a common system for positioning all other spatial information, such as topographic and geological mapping. Geodetic data is available via the Internet.

### Cadastral survey system

The cadastral survey system includes all survey reference points (including boundary marks), and cadastral records in the form of LINZ-approved survey plans. This information enables the identification and definition of land parcels for registration and recording of property rights and interests under the Torrens land title, Māori land and Crown land systems.

It also provides a framework for use in geographic information systems (GIS) operated by local authorities and utility companies.

Cadastral survey products and services are provided via the Internet (for Landonline subscribers) through LINZ's five processing centres. Bulk digital survey data is also made available through resellers at the cost of dissemination.

## TOPOGRAPHIC INFORMATION

LINZ is responsible for national topographical mapping at 1:50,000 and broader scales. It undertakes this mapping for defence and emergency services and constitutional purposes. LINZ makes its topographical data and mapping available via the Internet and in printed form through retailers. Its bulk digital topographical data is available from LINZ or through resellers at the cost of dissemination.

## HYDROGRAPHIC INFORMATION

LINZ is responsible for maintaining official hydrographic information for navigation. Charts, nautical publications and *Notices to Mariners* (announcements of corrections to charts in the New Zealand area, including noting dangers to navigation) are produced in accordance with the standards of the International Hydrographic Organisation. LINZ's hydrographic charts are provided to users at a cost via the Internet and through chart retailers.

## RATING VALUATION

LINZ ensures that property valuations for rating purposes are provided to a consistent minimum standard and audits local authorities for compliance with these standards.

# LINZ's Responsibilities



## CROWN PROPERTY

LINZ has two roles in Crown property:

- > as the regulator overseeing the acquisition, management and disposal of the Crown's interest in land and property outside the conservation estate, and
- > as a land-holding agency responsible for land and property (including buildings, forests, etc).

As a regulator LINZ certifies that the activities of other government agencies comply with statutory requirements and Government policy when they acquire or dispose of surplus property.

As a land-holding agency LINZ administers 3 million hectares of Crown land and property. It also manages Crown liabilities in land and property (e.g. contaminated sites) and administers Crown Forest Licences under the Crown Forest Assets Act 1989.

## CONTINENTAL SHELF

LINZ has been the lead agency in the all-of-government project to collect, analyse and interpret seabed data to determine the furthestmost extent of New Zealand's legal continental shelf. This project has required LINZ to lead a number of Crown agencies in the preparation of New Zealand's submission, which was lodged by the Ministry of Foreign Affairs and Trade with the United Nations Commission on the Limits of the Continental Shelf in April 2006.

The completion of the Final Submission and Executive Summary was a key achievement this year.

## GEOGRAPHIC BOARD

LINZ provides administrative support to the New Zealand Geographic Board, which is chaired by the Surveyor-General. The Board is responsible for place naming in New Zealand, including the Kermadec, Chatham, Auckland and Campbell Islands and within the territorial waters of New Zealand. LINZ has recently completed a review of the New Zealand Geographic Board Act 1946.

## ELECTORAL SUPPORT

LINZ provides technical support to the Representation Commission (which determines electoral boundaries), the Chief Electoral Office, the Electoral Enrolment Centre, and Statistics New Zealand. LINZ's primary functions are the provision of an Index to Places and Streets for use on polling day, mapping support, the collation of street addresses for enrolment purposes, and the spatial definition of meshblocks.

## OVERSEAS INVESTMENT OFFICE

Cabinet agreed to disestablish the Overseas Investment Commission and the functions of the regulator are now carried out within LINZ as the Overseas Investment Office. These include receiving and processing applications, consultation with relevant government departments and other agencies as appropriate, and providing information to applicants and the public generally.

# Legal Responsibilities

Legislation administered by Land Information

New Zealand as at 30 June 2006:

- > Cadastral Survey Act 2002
- > Crown Grants Act 1908
- > Crown Pastoral Land Act 1998
- > Deeds Registration Act 1908\*
- > Hunter Gift for the Settlement of Discharged Soldiers Act 1921
- > Land Act 1948
- > Land Transfer Act 1952\*
- > Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002
- > New Zealand Geographic Board Act 1946
- > Public Works Act 1981, Parts II – VI, and Part VIII
- > Rating Valuations Act 1998
- > Reserves and Other Lands Disposal Acts
- > Unit Titles Act 1972\*
- > Valuation Department (Restructuring) Act 1998
- > Valuers Act 1948

(\* Administered jointly with Ministry of Justice.)

source: [www.dPMC.govt.nz/cabinet](http://www.dPMC.govt.nz/cabinet)

The Chief Executive has statutory functions under the Public Works Act relating to the disposal of surplus land.

Land Information New Zealand also has functions under a number of other Acts including:

- > Airport Authorities Act 1966 (relating to disposal of land)
- > Crown Research Institutes Act 1992 (relating to disposal of land)
- > Electoral Act 1993 (relating to electoral boundaries)
- > Geographical Indications Act 1994 (relating to geographical names)
- > Health Reforms (Transitional Provisions) Act 1993 (relating to disposal of land)

- > New Zealand Railways Corporation Act 1981 (relating to disposal of land)
- > Overseas Investment Act 2005
- > 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).

Land Information New Zealand has a number of statutory officers with functions under the Acts administered by the department:

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

In addition, LINZ, particularly the Registrar-General of Land and the Surveyor-General, has special responsibilities relating to land transactions under more than 50 other statutes.

The department acts in a secretarial and administrative support capacity for the New Zealand Geographic Board and the Valuers Registration Board. The Surveyor-General is the Chairperson of the Geographic Board and the Valuer-General is Chairperson of the Valuers Registration Board.

# Statutory Information

## LAND ACT 1948

The following table details information required under section 181 of the Land Act 1948 for the year ended 30 June 2006.

	DETAILS	NUMBER	TOTAL AREA (HA)	PRICE PAID (\$)	TOTAL YEARLY RENT PAYABLE (\$)
1(a)	Areas of private land or lessees' interest in Crown land purchased during the year	0	N/A	N/A	N/A
1(b)	Areas of land purchased by Office of Treaty Settlements under section 40 of the Land Act 1948*				N/A
2	Leases and licences granted during the year	164	434,052	N/A	319,611
3	Leases and licences current at the end of the year	597	2,019,425	N/A	3,008,900

\* These purchases were funded from Vote: Treaty Negotiations.

# Terms and Definitions

<b>Cadastral survey</b>	Creates the official record of the various legal divisions and descriptions of land and forms the basis for land ownership. Cadastral surveyors undertake surveys that define the spatial extent of interests in land.
<b>Conveyancers</b>	People who are qualified to undertake transactions in land. At present these are lawyers and landbrokers. Under the Lawyers and Conveyancers Act, once in force, conveyancers will be those registered with the New Zealand Society of Conveyancers.
<b>Geodetic survey</b>	Defines the shape and area of all or parts of the earth and enables positions on the earth's surface to be determined.
<b>Geographic Information System (GIS)</b>	A computer programme that stores spatial information concerning objects or phenomena that are directly or indirectly associated with a location relative to the earth and allows the information to be analysed and displayed as computer-generated maps. These maps can be created to an end user's specification and may either be viewed on a computer screen or printed on paper.
<b>Geospatial information</b>	The location and name of features on, above, or beneath the surface of the earth.
<b>Hydrographic survey</b>	Records the shape and features of the seabed (unlike a bathymetric survey, which measures depth).
<b>Landonline</b>	An automated survey and title system that enables more efficient processing of dealings in land ownership and provides improved nationwide access to land information.
<b>Meshblock</b>	A population-based land area that represents the smallest area from which statistical information is collected. Meshblocks are also used to determine electoral boundaries.
<b>NZ Mariner</b>	New Zealand hydrographic information available on CD-ROM.
<b>NZ TopoOnline</b>	New Zealand topographic information available via the Internet.
<b>QA</b>	Quality Assurance.
<b>Topography</b>	A two-dimensional representation of the natural features of land.

## POLICY ADVICE/MINISTERIAL SERVICING STANDARDS

### Quantity

Completion or advancement of policy projects/ministerial communication estimated targets as agreed between the Minister and the Chief Executive in the course of the year. Assessed by comparison against agreed milestones and agreed timelines.

### Coverage

Provision of a comprehensive service: the capacity to react urgently, the regular evaluation of government policy impacts on outcomes and timely and relevant briefings on significant issues; support for the Minister as required in Cabinet committees, select committees, in the House and in the execution of the Minister's duties.

### Quality

All policy advice/ministerial communications must be in accordance with the following quality standards:

- > The aims of the papers have been clearly stated and they answer the questions that have been set.
- > Assumptions behind the advice will be clear, and the argument logical and supported by accurate facts.
- > Expenditure forecasts will be based on logical and clear assumptions.
- > Sales forecasts will be based on the mid-point of known market demands and best projections.
- > All material facts will be included.
- > An adequate range of options will be presented and assessed for benefits, costs and consequences to the economy.
- > Evidence will exist of adequate consultation with interested parties, where applicable, and possible objections to proposals will be identified.

- > Problems of implementation, technical feasibility, timing and consistency with other policies will be considered.
- > Material presented will be effectively summarised, concise, in plain English, and free of spelling and grammatical errors, and will meet ministerial and Cabinet Office requirements.

Where appropriate, written and verbal advice tendered to the Minister will accurately reflect:

- > economic implications
- > revenue and expense implications (quantified where possible), and
- > administrative implications and costs (quantified where possible).

### Quality management

Product quality will be supported by a quality management process including:

- > external review of scope and methodology for major analytical work
- > internal peer review and Quality Assurance (QA) procedures
- > circulation of drafts for comment by other government agencies and other parties as appropriate, and
- > sign-offs by senior managers.

### Timeliness

Specified reporting deadlines will be met. Assessed by comparison against deadlines set, agreed and modified in the course of the year.

### Cost

The outturn is within budget. Assessed by comparison of outturn with the Estimates of Appropriations.

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## PROCESSING CENTRES

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