



ANNUAL REPORT 2009 > 2010



STATEMENT

Pursuant to section 44(1) of the Public Finance Act 1989, I am pleased to present the Annual Report of Land Information New Zealand for the year ended 30 June 2010.



Colin MacDonald
Chief Executive
Land Information New Zealand

This information can be found at:
<http://www.linz.govt.nz/annual-report-0910>

CONTENTS

Introduction to LINZ	1
From the Chief Executive	2
1. STRATEGIC CONTEXT 2009/10	4
The outcomes we seek for New Zealanders	5
How we managed our money	6
Managing transactions	9
Managing information	13
Managing land	17
How we continued to improve our organisation's performance	20
2. LINZ'S PERFORMANCE 2009/10	23
Statement of Responsibility	24
Audit Report	25
Performance Information – Statement of Service Performance	27
3. FINANCIAL STATEMENTS	52
Notes to the Departmental Financial Statements	58
LINZ as an agent of the Crown	74
Notes to the Non-departmental Schedules	80
4. LINZ INFORMATION	90
Legislation LINZ administers	91
Statutory information	92
5. APPENDIX	93
New Zealand Geographic Board – Summary of Annual Report	94
Directory	95

Introduction to LINZ

Land Information New Zealand (LINZ) is a government agency with approximately 500 staff. We have offices in Wellington, Hamilton, Christchurch, Dunedin and Auckland.

Our operations underpin economic growth and public services, and benefit New Zealanders every day. Our work supports activities as diverse as buying a house, navigating the seas, and sending emergency services to the right place.

Broadly speaking, our three roles are:

- **Managing transactions** – we maintain and operate the regulatory framework and systems for rights and transactions involving land.
- **Managing information** – we generate, collect, compile, and provide geospatial information¹ and information relating to property rights and transactions. We are also facilitating more widespread use of New Zealand's broad range of geospatial information.
- **Managing land** – we administer a range of Crown-owned lands for the benefit of the New Zealand public.

We have a number of statutory officers with specific functions under the various Acts we administer. More detail on this legislation, and our different responsibilities and functions, can be found on page 91 and on our website, www.linz.govt.nz.



¹ Geospatial information is information about the location and name of features on, above, or beneath the surface of the earth.

From the Chief Executive

LINZ is responsible for providing New Zealanders and businesses with secure property rights, delivering geospatial information that underpins many essential services, and for managing 8% of this country's land.

We are evolving. Over the past decade, we have transformed our service delivery through major projects such as the introduction of electronic land transaction services. More recently, we have looked to continue that drive for operational efficiencies while expanding our role to provide leadership in the emerging geospatial sector, where significant opportunities exist to drive productivity growth throughout the New Zealand economy.

This year, we focused on championing the increased use of geospatial information as one of the Government's top three priorities for Vote Lands, and providing the most cost-effective services possible in a climate where our fee revenue continued to be affected by declining property market activity.

Efficient, secure property rights transactions

Because land is a fundamental asset, a system that provides people and businesses with secure property rights is a prerequisite for a prosperous, sustainable economy.

We manage Landonline – a world-leading automated system for recording and transacting land rights.² In 2009/10, we measured the benefits mandatory electronic land transactions have brought:

- Overall, 80% of our customers agree Landonline has improved our products and services.
- 81% of conveyancing practitioners, 64% of surveyors and 71% of territorial authorities agree Landonline has benefited their businesses. These benefits include their ability to provide quicker and more responsive services to their clients, and increased security over the important property rights documents they handle.

This year, we also completed a six-year rationalisation of our regulatory standards – down from 290 documents to 55, an 81% reduction. This aims to ensure our regulation strikes the right balance in reducing compliance costs on businesses and appropriately managing risks to property rights.

Increasing the use of geospatial information

Geospatial information is playing an increasingly important role globally. In 2008, the use of geospatial information added approximately \$1.2 billion in productivity-related benefits to our economy.³ But it could provide more if we can make New Zealand's geospatial data holdings more accessible and able to be shared.

Through leading New Zealand's strategy for geospatial information, we have started to build the foundations for increasing its use and reducing the barriers that cost New Zealand \$481 million in productivity-related benefits every year.

Our work in 2009/10 included three key parts of those foundations:

- Working with the geospatial sector, we developed a roadmap for a national spatial data infrastructure,⁴ which will allow New Zealand's geospatial data to be used more widely and innovatively.
- A geospatial metadata standard was formally endorsed by the State Services Commission's e-GIF.⁵
- We also established a New Zealand node of the Australia-based Cooperative Research Centre for Spatial Information to help foster greater trans-Tasman cooperation between government, academic and private sector organisations involved in the geospatial sector. By doing so, we aim to stimulate growth in the application of leading-edge geospatial technologies and information in New Zealand.

World-leading data management

As an agency that manages some of New Zealand's most important geospatial datasets, we fully recognise that in leading the drive for increased use of geospatial information, we need to walk the talk with our own data.

In 2009/10, we put in place a new strategy for delivering the products and services our customers want, and providing a responsive, easy experience in their day-to-day interactions with us. We also began improving our survey and title data to make it easier for a growing customer base to create innovative products and services from our information.

We have implemented world-leading systems for managing topographic and hydrographic data, and providing products and services. In September 2009, our new topographic production system was used to roll out a new topographic map series used by New Zealand's emergency services, the first time an entire national map series of this type has been launched on one day.

Delivering Government priorities for Crown land

Two of the Government's priorities were in land management. We developed a new strategic approach for Crown pastoral land in the South Island high country that aims to strike a balance between economic use, and environmental and cultural values. As part of furthering this new direction, we began work on a policy for ensuring rents paid by pastoral lessees are tied to the earning capacity of their farms.

We also worked to improve the effectiveness of our annual biosecurity programme to ensure we mitigate, as much as possible, the impacts pests can have on economic returns on Crown land and on people's enjoyment of our lakes and rivers.

² New Zealand ranks third in the world for ease with which businesses can register property in the 2010 World Bank Doing Business Report.

³ Spatial Information in the New Zealand Economy, a 2009 report commissioned by LINZ. The report is available online at www.geospatial.govt.nz.

⁴ A spatial data infrastructure is a framework of spatial data, metadata, users and tools that are interactively connected in order to use spatial data in an efficient and flexible way.

⁵ e-GIF is a collection of policies and standards endorsed for New Zealand government information technology systems to enable interoperability. A metadata standard outlines the minimum information about a geospatial dataset to make it more accessible and able to be shared.

Building organisational agility

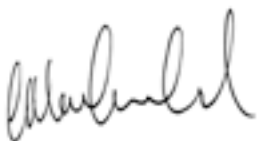
This year, we continued to develop the organisational performance necessary for both delivering our core operations and leveraging these to achieve our expanding role in the geospatial sector. Collectively, this development is about increasing our organisational 'agility'; that is, our ability to be fleet-footed in achieving our longer-term objectives and the Government's priorities, and meeting our customers' needs.

One highlight was putting in place frameworks for developing our leaders and people. Another was the review of our information technology services, which has given us a clear direction for providing a stable technology structure in the ongoing climate of fiscal constraint.

Working collaboratively

In 2009/10, we were active in looking for opportunities to share services, capability and policy advice. Particularly through our membership of the Natural Resources Sector Network, we and other agencies have aimed to lift the collective performance of this part of the public sector by providing more coordinated and cost-effective advice and services.

Beyond these efforts, we raised awareness about the potential of geospatial information throughout New Zealand, and created opportunities for interested agencies and companies to actively contribute. Our work in this area is still in the early stages, but we have built a strong platform from which to accelerate the contribution geospatial technologies can make to driving New Zealand's productivity growth in future years.



Colin MacDonald
Chief Executive
Land Information New Zealand

1. Strategic Context 2009/10

The outcomes we seek for New Zealanders

Every LINZ activity contributes to one or more of our four outcomes – the sustainable results we want to deliver to New Zealanders.

*Build and maintain certainty of property rights**

Through managing the system for recording and transacting land rights, we want to ensure people know what their property rights and responsibilities are, and where they are located. In turn, this provides confidence that property rights are clear and certain, and property can be bought, sold and traded efficiently.

*Available, accessible and shared geospatial information**

We want to encourage the wider use of New Zealand's geospatial data holdings by making it more available, accessible and able to be shared. We do this through our leadership and coordination of the New Zealand Geospatial Strategy.

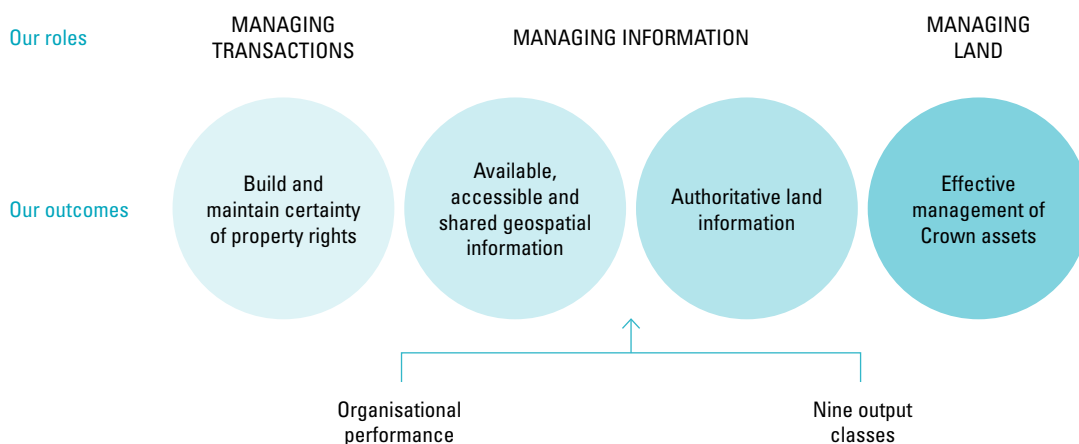
Authoritative land information

Under this outcome, we want to improve New Zealanders' ability to access and use the nationally significant land and seabed geospatial datasets we manage, and ensure New Zealanders are confident our information is reliable, up-to-date and fit for purpose.

*Effective management of Crown assets**

We aim to manage Crown land efficiently and effectively. We also want to ensure Crown land is bought and sold in accordance with the legislative framework.

* In 2009/10, we began to review our outcomes framework and performance measures. As a result, we changed these three outcome names from 'Certainty of property rights', 'Federated geospatial information' and 'Best use of Crown assets'. This annual report uses the revised names and descriptions for our outcomes.



How we managed our money

LINZ is substantially funded through revenue gained from charging customers for our services (third party revenue). In 2009/10, 46.4% of our revenue came from customer fees and 53.6% from the Crown (ie, taxpayer-funded):

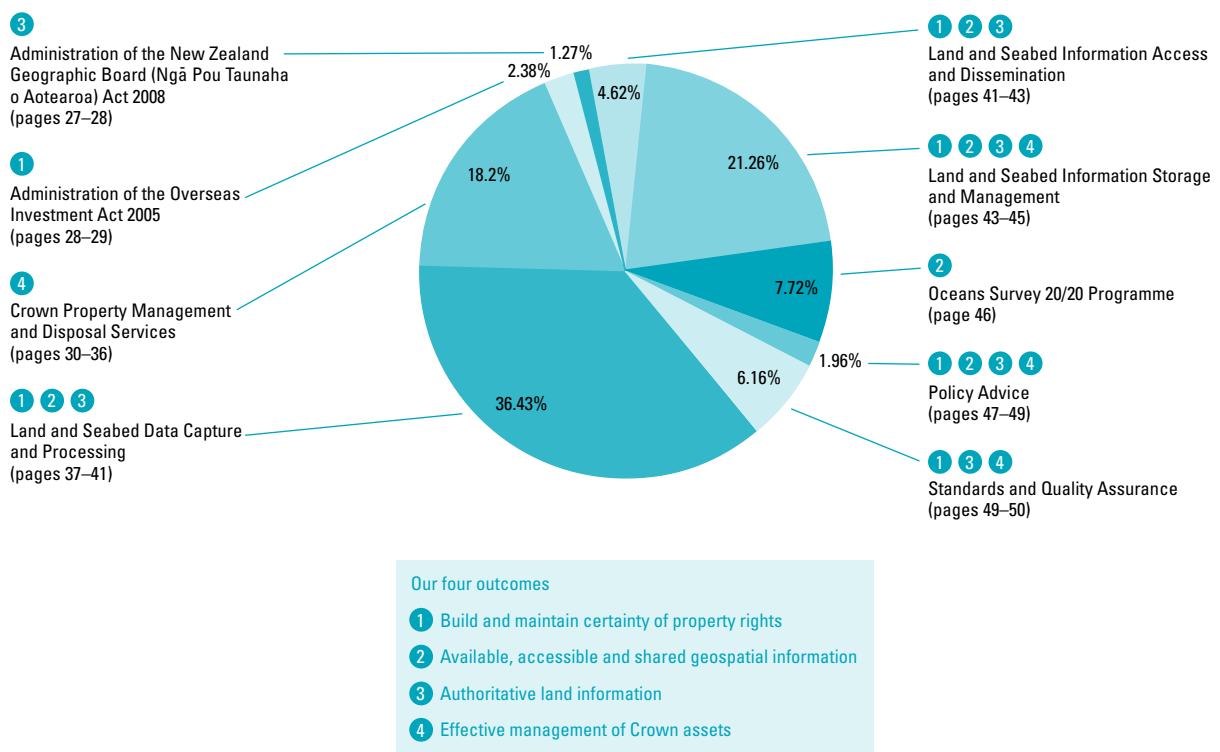
- Fees for survey and title transactions accounted for 90% of customer fee revenue.
- Fees for processing overseas investment applications, regulating rating valuations and Crown property clearances made up, respectively, approximately 5%, 3% and 2% of customer fee revenue.

The funds we receive go to the delivery of our roles of managing transactions, information and land through nine output classes. In 2009/10, the total expense for delivering these output classes was \$100.77 million. Approximately 75% of this total expense was allocated to delivering three of the nine output classes:

- managing the system for recording and transacting land, and our core geospatial information (36.43%)
- managing Crown property and pastoral land, and regulating the buying and selling of Crown land (18.2%), and
- maintaining and improving the information technology systems that house our information (21.26%).

Diagram 1 shows a breakdown of expenses for each of our nine output classes, and which of our four outcomes each output class contributes to.

Diagram 1



Impact of the property market on our revenue

Fee revenue in 2009/10 continued to be heavily impacted by global and national economic instability, and the resulting decline in sales activity in the property market.

Survey and title transaction volumes have dropped an unprecedented 33% since 2008.

These same global economic conditions also had an effect on overseas investment applications. Although we increased application fees in September 2009, our ability to recover operational costs for the Overseas Investment Office (OIO) was affected by a sharp spike in the number of applications being lodged before the fee increases took effect, and the continuing overall decline in applications.⁶ However, if application volumes continue in line with our forecasting, we are on track to recover the OIO's costs in future.

As Table 1 shows, our overall revenue from customer fees has fallen by approximately \$19 million over the past five years.

Table 1

	2005/06 \$000	2006/07 \$000	2007/08 \$000	2008/09 \$000	2009/10 \$000
Survey and titles transaction fees	55,377	49,073	45,432	34,397	33,534
Overseas Investment Office application fees	1,153	1,409	1,466	1,082	1,907
Valuation audits and the Valuers Registration Board fees	1,501	1,475	1,486	1,754	1,520
Other revenue	1,061	1,280	951	2,645	2,945
Total revenue	59,093	53,237	49,335	39,878	39,906

Managing through the challenging economic environment

LINZ has shown a strong track record of achieving more with less. Through our major programmes of change, such as the introduction of electronic land transactions, we have consistently aimed to deliver better, cheaper services to New Zealanders.

In this challenging economic environment, we have continued to focus on cost management throughout all areas of our organisation, and robust forecasting expenditure. Our efforts are reflected in the 1% variance against our estimated actual results as advised to the Treasury.

Cost management measures included:

- not making salary increases in 2009/10 and not seeking further budget for salary increases in 2010/11
- continuing a commitment made in 2008/09 to offer back \$3.55 million permanently from our baseline Crown funding
- bringing forward the closure of two transaction processing centres by one year, and
- actively monitoring and slowing recruitment in our processing centres to align to lower transaction volumes. This has saved costs without impacting overall service levels.

⁶ Fees were raised following a review that determined the previous fee structure, set in 2005, had under-estimated the costs in assessing applications. See pages 28–29 for more information on the Overseas Investment Office's performance in 2009/10.

Our actual operating expenses were under the final approved budget by \$8.4 million, mainly due to the deferral of expenditure for programmes such as hydrographic surveying and our learning programme for transactions staff. This unspent funding has been carried forward to 2010/11.

This commitment to rigorous cost management has allowed us to live within our means and progress towards establishing a financially sustainable position for the coming years.

Reduced customer fee revenue

LINZ received approval for a one-off capital injection of up to \$30 million for 2008/09 and 2009/10 to offset our fee-based operational costs. Through our continued focus on cost efficiencies, we have been able to manage through this ongoing decline in customer revenue and we only needed to use \$27 million of this amount.

In consultation with survey and title stakeholders,⁷ we review our survey and titles fees and charges every three years. To better enable cost-recovery for running the property transaction system through ongoing uncertainty and downward activity in the property market, we increased fees in July 2010.⁸ We were able to identify cost efficiencies during the fees review, and so limited increases as much as possible.

Table 2 compares our revenue and expenses over the past five years.

Table 2

	2005/06 Actual \$000	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Actual \$000	2009/10 Actual \$000
Revenue Crown	45,512	42,346	54,548	52,021	46,157
Revenue other	59,134	53,278	49,386	39,895	39,906
Total revenue	104,646	95,624	103,934	91,916	86,063
Total expenditure	104,808	109,202	119,251	115,462	100,770
% of Crown-funded expenses	43.3%	38.7%	45.8%	45.1%	45.8%
% of third party revenue-funded expenses	56.5%	61.3%	54.2%	54.9%	54.2%
Net surplus/(deficit)	(162)	(13,578)	(15,317)	(23,546)	(14,707)
Taxpayers' funds	47,590	39,411	39,238	36,746	38,350

⁷ The New Zealand Law Society, the Auckland District Law Society, the New Zealand Institute of Surveyors, and the Institute of Cadastral Surveyors.

⁸ Fee levels had remained static since September 2007 when they were deliberately set below cost-recovery to reduce a memorandum account surplus.

Managing transactions

BUILD AND MAINTAIN CERTAINTY OF PROPERTY RIGHTS

We want homeowners and investors to be certain about their property rights.

‘Certainty’ means people know what their rights and responsibilities are for any property, and where these rights are located.⁹ We also want people to be confident in the way their properties have been valued for rating purposes.

For most New Zealanders, buying a house will be their largest investment. This is also true for many businesses, where purchasing or leasing premises or farms forms a significant part of their capital expenditure. Everybody involved – buyers and sellers, their agents, lenders, surveyors, lawyers and valuers – needs an efficient and effective property market to trade in.

LINZ provides an efficient, secure land rights system for survey and titles customers to trade in. This includes regulating to minimise any risks to the security of people’s land property rights.¹⁰

We also regulate rating valuation, and administer the regime that screens overseas investors applying to buy sensitive New Zealand assets.

What we set out to achieve

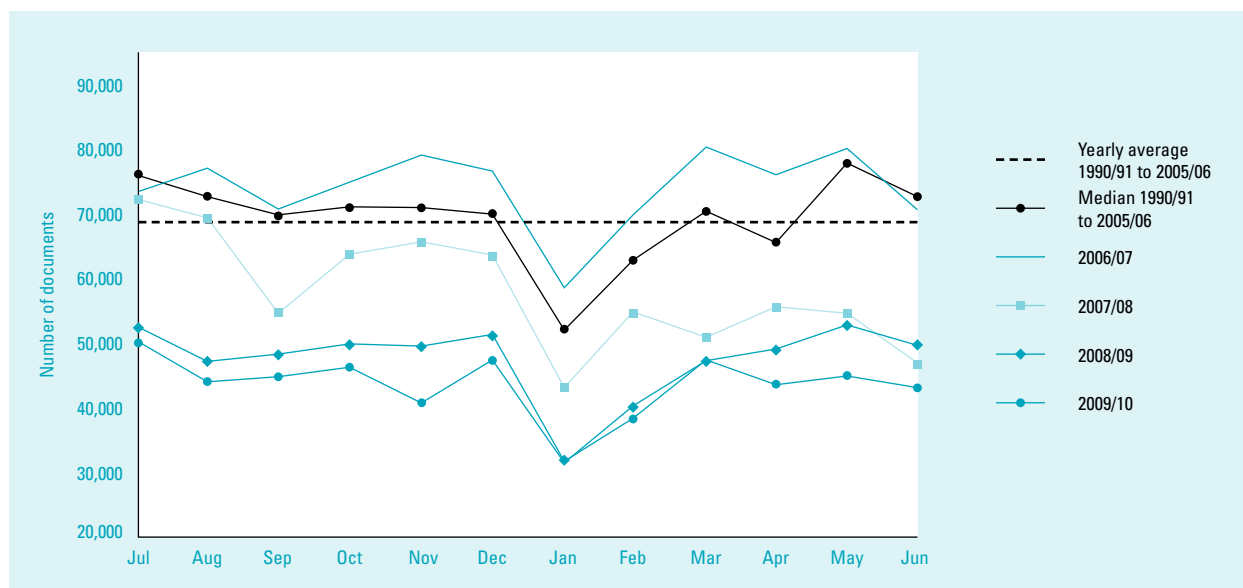
- We continued a programme to fully realise the benefits of completing our 12-year shift from paper-based land registration to Landonline, a fully automated electronic register and transaction system.
- We aimed to complete a six-year redevelopment of our regulatory regime.
- A Government priority was to contribute to a Treasury-led review of the legislative framework for overseas investment. Overseas investment policy is complex and, following initial changes made in 2009, the Minister of Finance asked officials to do further work on the more substantive parts of the review.
- Working collaboratively with our stakeholders, we aimed to establish a shared view of the future of land development,¹¹ and better understand the broader trends around property rights and how our regulatory framework might need to adapt.¹²

What we achieved

We provided New Zealand’s land transaction system...

In 2009/10, we registered 546,972 property titles documents and approved 10,952 cadastral survey datasets in Landonline, the official register of electronic titles documents and cadastral survey datasets. The overall volume reflects the continuation of lower sales activity in the property market as a result of global and national economic instability and lower sales activity in the housing market. Graphs 1 and 2 outline recent survey and titles transactions.

Graph 1 Land title transaction volumes 1990/91 to 2009/10



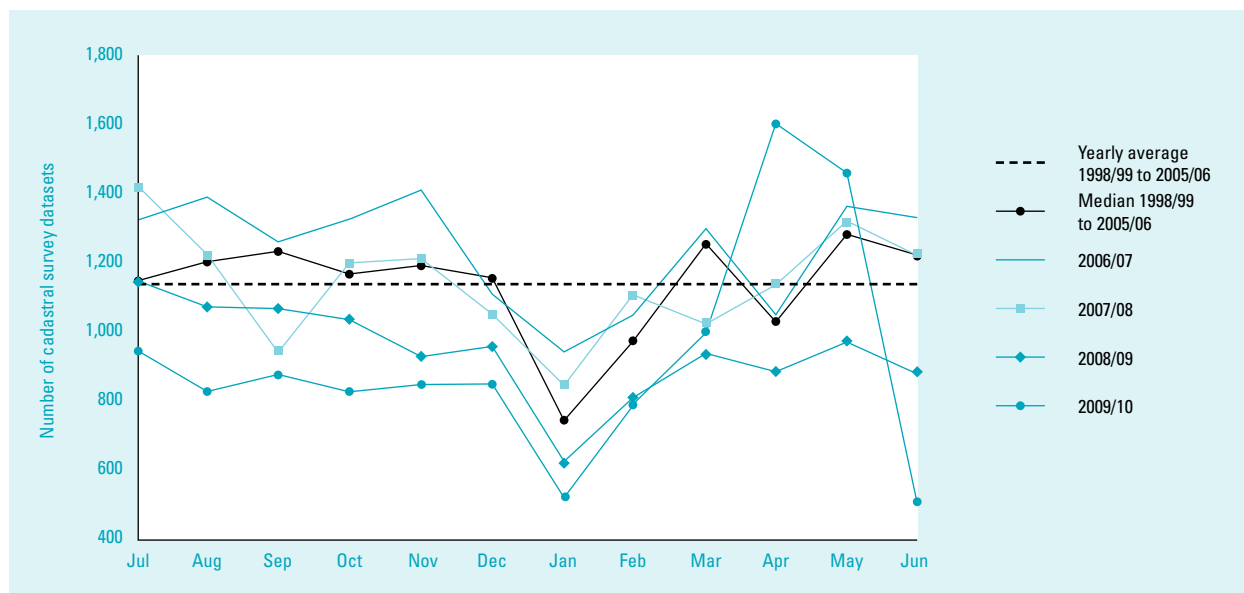
⁹ This includes an accurate description of a property’s boundaries.

¹⁰ We regulate both our own transaction processing activities and the inputs of survey and title customers.

¹¹ Land development means the subdivision and development of land for new uses.

¹² These initiatives are continuing in 2010/11.

Graph 2 Cadastral survey transaction volumes 1998/99 to 2009/10



...worked to make it more efficient...

Our efforts in completing the shift to a fully electronic land transaction system were recognised in June 2010 when we won the Institute of Public Administration of New Zealand (IPANZ) award for 'Improving public value through business transformation'. The Treasury-sponsored award acknowledges the delivery of better, smarter public services for less.

We were also highly commended in the 2009 Computerworld Awards for "both vision and fortitude" in our approach to driving electronic lodgement.

In 2009/10, we continued this focus on smarter services for less by improving efficiencies and realising the benefits of an automated survey and titles system.

Consolidating processing

Automation has meant we can consolidate our processing from five to two centres, and reduce from an overall processing staff of 350 to a smaller, more highly skilled workforce.

Due to the recent decline in property transactions, and careful management of the staff capability needed in our remaining Hamilton and Christchurch centres, we will complete centre closures in Auckland and Dunedin by January 2011, one year ahead of schedule. Our Wellington centre closed in April 2010.

LINZ employs the most specialised land transaction processing workforce in the world. Our staff now focus on the minority of complex transactions that have not been automated.

We use a planning model for recruiting and retaining staff based around forecasting transaction volumes in future years. In 2009/10, our capability modelling was reasonably accurate and helped us identify spare capacity to allocate staff to other priority work such as the two-year project to improve the quality of cadastral survey data.¹³

¹³ See page 15 for more information about this project.

A sustainable solution for paper records

We continued to implement a joint programme with Archives New Zealand to store, preserve and ensure access to the millions of paper records held in our processing centres. This includes digitising indexes of our historical record sets to provide enhanced access to the public.

Ahead of the closure of our Wellington centre, we relocated its store of paper records, including the transfer of more than 1,500 valuable historic records to Archives New Zealand.

...and measured the benefits of the 12-year shift to electronic lodgement.

This year, we analysed the benefits a fully automated land transaction system has brought.

Greater efficiencies for our customers

Qualitative and quantitative research we conducted in 2009/10 found:

- 86% of titles customers agree Landonline has helped them deliver a more responsive service to their clients and 83% agree it has made lodging titles transactions more efficient.
- 82% of titles customers agree Landonline has reduced the time it takes to serve their clients and 70% agree it has made performing complex tasks such as caveats easier.
- 63% of surveyors agree Landonline has reduced their time for processing survey datasets and providing services to their clients.
- 66% of territorial authorities agree they can offer more responsive services to their clients, and in less time.
- 81% of surveyors and 88% of territorial authorities have found accessing information easier under Landonline.

Reduced risk

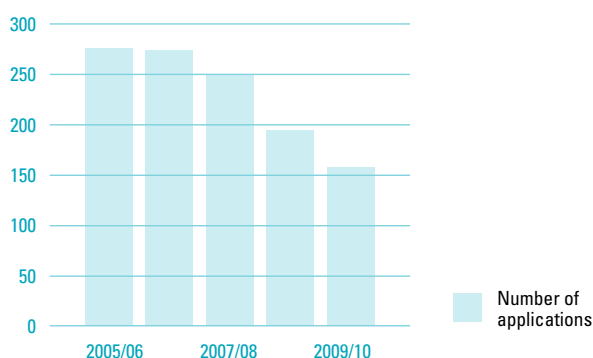
Eighty-two percent of titles customers, 72% of surveyors and 76% of territorial authorities agree Landonline has lessened the risk of losing lodgement documents, survey plans or data.

We continued the focus on improving our overseas investment function.

The Overseas Investment Office (OIO), located in LINZ, determines whether to accept or decline applications from overseas investors to buy sensitive New Zealand assets.¹⁴

This year saw a continuing decline in the number of applications. As demonstrated in Table 3, applications have fallen from 274 in 2005/06 to 158 this year. The OIO made decisions on 132 of those applications.¹⁵

Table 3



We continued to build on our focus in 2008/09 of improving the OIO's performance, particularly in the quality of information provided by applicants, and the quality of analysis and reporting to Ministers. This year, 99.4% of the OIO's recommendations were agreed to by Ministers, and 95.43% of applications were accepted for registration or rejected for rework within five working days.

Our performance in processing 90% of accepted applications within a target of 50 working days¹⁶ was affected by a sharp increase in application numbers before the introduction of new fees in September 2009, and the need to seek additional information and consult with third parties in respect of a number of sensitive land applications.¹⁷

Ninety-six of the 132 applications decided this year related to sensitive land acquisitions. These applications involve complex decision-making. Beyond the four criteria that must be met in all applications, the OIO needs to consider a further 19 factors (where relevant to the investment in question) to help determine whether a sensitive land application is of benefit to New Zealand.¹⁸

As part of our drive for continual improvement, we also identified the need to focus more of the OIO's core work on investigating suspected breaches of the Overseas Investment Act and further increase its monitoring of overseas investment activity. Accordingly, we are diverting some of our existing capacity into investigation and monitoring in 2010/11.

We aimed to regulate at the optimal level...

Risk-based regulation

LINZ completed a six-year programme with stakeholders and customers to shift our regulation to a regime based around the principle of regulating 'as little as possible, as much as necessary'.¹⁹

This has included reducing our original 'stock' of 290 regulatory documents down to 55 standards and guidelines – an 81% reduction. The 55 regulatory interventions focus on managing risks to property rights. They define the minimum standards expected from those being regulated, and those being regulated determine how they will comply.

External reviewers of our new standards gave them an overall rating of 4.32 out of a possible 5 (or 83%). Feedback from customers involved in developing the standards has also been very positive, with 86% reporting satisfaction with the process and results of the programme.

Our next steps are to put in place continuing evaluation of how effective our regulations are in managing risks and reducing compliance costs, and the compliance levels of those being regulated.

Planned and priority regulatory interventions

Our yearly regulatory programme focuses on delivering both planned and priority interventions:

- Planned interventions include regular reviews of our existing regulation.
- Priority interventions are generally unplanned, and arise from legislative activity (for example, from Treaty of Waitangi settlement work) or a need to respond to risks created by external factors.

¹⁴ The OIO assesses applications on various criteria detailed in the Overseas Investment Act 2005 and parts of the Fisheries Act 1996.

¹⁵ In the 26 instances where the OIO did not make a decision, the application either lapsed or was withdrawn.

¹⁶ See pages 28–29 for more information on the OIO's performance in meeting this standard.

¹⁷ Land will be "sensitive land" if it is or includes land of a particular type that exceeds a particular area threshold. For example, a parcel of non-urban land exceeding 5 hectares is sensitive land. Land is also "sensitive" if it adjoins other land of a particular type and exceeds an area threshold. For example, a parcel of land exceeding 0.2 hectares is sensitive land if it adjoins the foreshore.

¹⁸ All overseas applicants must show business experience and acumen, must have demonstrated financial commitment to the investment, must be of good character, and must not be ineligible for exemptions or permits under the Immigration Act 1987. The further 19 factors considered for sensitive land include determining whether an application will result in increased market competition or greater productivity in New Zealand, and whether the applicant will adequately protect or enhance indigenous fauna and flora, historic heritage, and (where relevant) walking access.

¹⁹ See page 49 for more information on our regulators and the risks they manage.

A major piece of planned work we completed was the roll-out of the new Rules for Cadastral Survey in May 2010. In accordance with the principle of 'as little as possible, as much as necessary', the new Rules set out the minimum compliance standards surveyors need to meet when carrying out a cadastral survey and lodging cadastral survey datasets with LINZ.

Much of our priority work supported the new Rules by issuing one-off rulings to provide further guidance for surveyors. We also focused on the growing global issue of identity fraud. Recognising the considerable risk identity fraud poses to both New Zealanders and the Crown, which guarantees compensation to landowners in the event of fraud, we began to revise our interventions for identity verification and monitored this issue through our networks and contacts.²⁰

...and looked to the future of land development and property rights.

Two initiatives this year focused on the future, with strong research and collaborative components.

Shaping a view of tomorrow's land development

We completed the second phase of a three-part project to shape a shared view of the future of land development with other players in this area, including surveyors, lawyers, valuers, local government and private enterprise.²¹ The overall aim is to maximise the economic gains possible from an effective, efficient system for land development.²²

In November 2009, we published a paper with the New Zealand Institute of Surveyors detailing the strategic objectives and practical actions for working together to improve the survey sector.²³ Specific actions for LINZ to focus on include improving the quality of our survey data and access to our paper records.

Future-proofing land rights

LINZ is taking a medium- to longer-term view of how property rights may expand into new environments and how our property rights system might need to adapt to accommodate them.²⁴ However, our priorities this year were on immediate actions around existing rights:

- Having concluded a joint programme to update all Māori land records in Landonline, we began scoping work with the Ministry of Justice and the Māori Land Court for how to maintain the accuracy and currency of these records.

- Working with the New Zealand Law Commission and the Ministry of Justice, we completed a two-year review of the Land Transfer Act 1952. The review's recommendations include updating the current regime to ensure the legislative framework is certain, clearly expressed and suitable for the modern electronic environment for land title registration.

How we measured our progress

We maintained our top-three ranking for 'registering property' in the World Bank's 2010 report on ease of doing business.

New Zealand is ranked third in the world for ease with which businesses can secure property rights. A significant reason for our being ranked third is that the countries in first and second place do not charge fees for property registration.

Registering property in New Zealand involves two procedures (as opposed to the OECD average of 4.7 procedures) and takes two days (as opposed to the OECD average of 25 days).

The cost of registering property as a percentage of a property's value is 0.1% compared with the OECD average of 4.6%.²⁵

We maintained positive customer feedback at high levels.

Survey and titles customers rated their overall satisfaction with our service delivery as 'good' or better in our monthly surveys. Titles customers and survey customers rated Landonline 4.03 and 3.27 respectively out of 5 ('very good' and 'good') at supporting their business processes.

From February 2010, the OIO began monitoring the views of overseas investment applicants' lawyers in respect of each decision made. On average, those responding to the survey rated the OIO's processes as 'very good'.

We maintained the accuracy, integrity and security of Landonline.

Our processing was 99.85% error-free. For the instances (0.15%) where we recorded errors, we have strict processes for ensuring corrections are made to the register.²⁶

There were no successful challenges to the Registrar-General of Land's review decisions.

Only one instance of litigation arose from the Registrar-General of Land's review function under section 216 of the Land Transfer Act 1952. The High Court in that case found in favour of the Registrar-General of Land.²⁷

²⁰ See pages 49–50 for more information on our performance around planned and priority interventions.

²¹ LINZ's role in land development is to maintain and update the land title register and cadastre with new information generated by development.

²² This initiative is continuing in 2010/11.

²³ This joint paper, *The Future: Recommendations to LINZ Executive and NZIS Council on moving the Cadastral Survey Industry into the future*, is available on the survey and titles section of our website, www.linz.govt.nz.

²⁴ Such as investigating current and emerging property rights beyond traditional 'land' that do not fit well within the existing framework.

²⁵ 2010 World Bank Doing Business 2010 Report.

²⁶ See page 38 for our error rate performance standard.

²⁷ The decision is *Harley v The Registrar-General of Land* HC WN CIV 2009-485-2167, 30 March 2010.

Managing information

AVAILABLE, ACCESSIBLE AND SHARED GEOSPATIAL INFORMATION AUTHORITATIVE LAND INFORMATION

We focus on two linked outcomes in our role of managing information:

- championing the increased use of *all* geospatial information in New Zealand by seeking to make it more available, accessible and shareable, and
- ensuring New Zealanders can access *our* geospatial information easily, and are confident it is reliable, up-to-date and fit for purpose.²⁸

The potential of geospatial information

Geospatial information is information about the location and name of features on, above, or beneath the surface of the earth. It answers the 'where' question and is needed everywhere, from sending an ambulance to an emergency, through to Fonterra's management of its nationwide fleet of milk tankers.

Geospatial information is used widely in New Zealand's business sectors and contributes more than \$1.2 billion annually in productivity gains.²⁹ However, growth in the use of geospatial information is currently limited by barriers such as difficulties in accessing different datasets and a lack of awareness about its potential.

Championing the use of geospatial information

LINZ wants to help increase the use of geospatial information and remove these barriers by leading the New Zealand Geospatial Strategy. The strategy is an approach for working with the geospatial sector to make our collective geospatial data more available, accessible and able to be shared.³⁰

By doing so, we aim to help generate hundreds of millions of dollars in productivity gains for the economy and our government services, and encourage the development of tools that will aid community development and make people's everyday lives easier.³¹

This outcome is a relatively new area of focus for LINZ, and our initial efforts include:

- raising awareness about the potential of geospatial information and building effective collaborative relationships with the geospatial sector players who are crucial to succeeding in our aims
- establishing governance, and
- encouraging and coordinating the implementation of technical 'infrastructure' for data-sharing.

Increasing access to, and confidence in, our own authoritative information

When it comes to our own important geospatial information, we need to lead by example by ensuring people can easily access it and use it with confidence.

Our core customers use our information to make a range of decisions, ranging from conducting elections to saving lives. For instance, emergency services use our topographic mapping to help determine where a distress call is coming from, or where a fire front is moving to.

Traditionally, we have focused on the needs of these core customers, and have aimed to ensure our information is easy for them to understand and use. As the potential benefits of wider, and more innovative, use of our data become apparent, we are working to understand the needs of a broader group of customers, some of whom are integrating our data with other types of information to create new products or services.

What we set out to achieve

Championing the New Zealand Geospatial Strategy was a Government priority in 2009/10. We aimed to effectively coordinate the strategy's work programme, raise awareness and participation, and lead the development of a national spatial data infrastructure.

We also aimed to enhance our current customer management model, and continue projects to improve the quality of our information.

²⁸ The second outcome links to the first because, in our aim of increasing the use of geospatial information in New Zealand, we need to demonstrate leadership with our own important datasets.

²⁹ Spatial Information in the New Zealand Economy, 2009 report.

³⁰ The geospatial sector includes central and local government, businesses that provide geospatial services and products and businesses in other sectors that use them, and academics.

³¹ The Spatial Information in the New Zealand Economy report estimates that removing constraining barriers from the geospatial sector in 2008 could have added an additional \$481 million in productivity-related benefits to the New Zealand economy, generating at least \$100 million in government revenue.

As an example of the use of tools by communities, the report noted one example (on page 123) where geospatial information technology "can enable communities to understand their environments better, and assist in communicating and coordinating 'grassroots' action. In planning tourism for the Golden Bay region, for example, GIS provided a tool in resolving the conflict between industry interests and the community's interest in preserving the relatively undeveloped beaches. The community collected and visualized their information and this gave the local residents a stake in decision-making and planning".

A GIS is a system for capturing, managing, analysing and presenting data that is linked to location.

What we achieved

We led the New Zealand Geospatial Strategy...

This year we implemented new governance arrangements to enable more focused leadership and coordination of the New Zealand Geospatial Strategy. This included:

- restructuring the governing group of chief executives into a smaller, sector-based membership
- establishing a cross-agency group of senior managers to steer the work programme, and ensure it is adequately resourced and aligned to sector priorities, and
- recruiting a geospatial custodian to head the LINZ-based New Zealand Geospatial Office, which is facilitating the implementation of the strategy.

We also commenced a performance evaluation framework for measuring the strategy's effects on the New Zealand economy, which will be put into use in 2010/11.

In August 2009, we released the report, *Spatial Information in the New Zealand Economy*, which identified barriers preventing our economy from seeing greater productivity gains through the use of geospatial information. We have used these findings to help shape priorities for the strategy's work programme activities, and to raise awareness about the power and potential of geospatial information for New Zealand.

We established a New Zealand node of the Australia-based Cooperative Research Centre of Spatial Information (CRCSI) in early 2010. The CRCSI has brought together more than 100 Australian organisations from government, the private sector and universities in an eight-year joint venture.

Through establishing a New Zealand node, we aim to foster greater trans-Tasman cooperation between organisations involved in leading-edge spatial information tools and technologies, as we stimulate growth of the geospatial industry in this country. New Zealand's CRCSI participants will have access to the Centre's funding for research, innovation and educational projects.

...and led the development of a national spatial data infrastructure.

A spatial data infrastructure (SDI) is the optimal mix of technology, policies, standards, users and activities that allows geospatial data to be exchanged effectively online. In 2009/10, we designed an overall roadmap for an optimal New Zealand SDI and helped realise three of its key components:

- We initiated development of a prototype online gateway for sharing and discovering New Zealand's geospatial information, which may in future be linked to the all-of-government data directory, www.data.govt.nz.

- The State Services Commission's (SSC) e-GIF formally endorsed a geospatial metadata standard.
- SSC gained Cabinet approval for its New Zealand Government Open Access and Licensing (NZGOAL) framework.³²

We also raised awareness within agencies about the efficiencies they can gain by standardising their data, and published guides to help agencies take a more consistent approach to providing data and metadata online.

We launched two new national map series...

In September 2009, we successfully launched two new national map series: Topo50 at 1:50,000 scale and Topo250 at 1:250,000 scale. The 482 new maps are compatible with international mapping systems and modern GPS units.

New Zealand's emergency services are core customers for our mapping, and they switched their paper and electronic mapping systems to Topo50 at the launch of the new series. To encourage the public to use the same maps as emergency services, we ran a successful information campaign before and after the launch.³³ Between September 2009 and May 2010, we dispatched more than 270,000 new maps to retailers and emergency services agencies.

...and led the world in topographic data management.

In developing the Topo50 series, we introduced a new integrated system for automating map production directly from the data we maintain.

With an integrated system, we have been able to concentrate our efforts on updating and maintaining our topographic data. The time for producing maps has reduced from months to minutes. We can now launch new map series at one time, whereas previous cycles for printing a full 1:50,000 map series could take up to 30 years.

LINZ now also provides Topo50 maps as data and image files via our website. This ensures the public can download the most current maps available at no cost. We also produce electronic files that can be incorporated into the GIS systems used in many organisations and into a growing number of applications, such as iPhone and iPad.³⁴

³² NZGOAL provides a series of open licensing and open access principles for copyright works and non-copyright material. It promotes the release of copyright works for re-use using the most open Creative Commons licence, and non-copyright material for re-use using 'no known rights' statements.

³³ Research carried out on topographic information customers in early 2010 found the users of topographic information had 98% awareness about the Topo50 series.

³⁴ Geospatial information systems (GIS) overlay mapping data with other information, which allows organisations to map and track infrastructure and assets, and the location of services provided.

We used a new integrated hydrographic data management system...

LINZ produces official hydrographic information, which is used by mariners for safe navigation.

With the implementation of a new hydrographic information system in 2008/09, our focus has switched from producing discrete paper charts to managing a source database that can be used to produce a number of products – including paper charts and Electronic Navigational Charts (ENCs).³⁵

The new system is leading-edge technology, and has meant we focused this year on consolidating our workflows for producing paper and electronic products from it. For instance, we produced our first three paper charts from the system in 2009/10.

We also maintained our timeline for producing adequate national coverage of ENCs by producing 40 new electronic charts in 2009/10. ENCs are only now becoming mandatory on various classes of shipping internationally. We are on track to provide adequate national coverage by the end of 2010, two years ahead of the International Maritime Organisation's deadline of 2012.

...and completed the national sea level monitoring network.

Working with GNS Science, LINZ completed the installation of a national network of 17 sites for measuring sea levels. The network provides real-time detection and measuring of tsunami events. Data from the network helped to advise the Ministry of Civil Defence and Emergency Management during several events in 2010, including the Chilean earthquake in February.

We continued to move to real-time geodetic data-streaming.

We continued to upgrade PositioNZ, our network of global navigation satellite systems stations, to real-time. The 36 stations around New Zealand send a continuous stream of geodetic data, which allows precise positioning by surveyors and companies that provide GIS products, such as those used in precision agriculture.³⁶

By mid-2011, all core PositioNZ stations will provide real-time data. A 2009 report commissioned by LINZ estimates that real-time positioning technology may benefit the New Zealand economy by tens of millions of dollars over the next decade.³⁷ Particular gains would be seen in industries such as surveying, infrastructure development such as roading and construction, and agriculture.

We improved our customer management...

Strategy development

We developed a new customer management strategy, which gives us a clear understanding of the core customers we should focus on in light of our strategic focus, which includes increasing the use of geospatial information. The strategy also provides principles for delivering a consistent, responsive and easy experience for day-to-day customer interactions.

Understanding customers' needs

One important contributor to the strategy was research we carried out on the customers who process our bulk survey and title data into new products and services. The key finding from this research was that we can increase the number of customers, and help them to make more innovative use of our bulk data, by addressing formatting issues and increasing awareness of its potential uses.

New relationship management system

LINZ migrated to a new customer relationship management system in February 2010. As a tool for enabling our staff to give customers an easy, consistent experience, it will be a foundation for implementing our new strategy and shifting to a more customer-centric approach across our organisation.

...and our information.

Our partners in the geospatial sector have prioritised two areas where we can increase the use of our own information by improving data quality:

- We are improving the linkages between our survey and titles data to make it easier to match ownership and rights information (titles) with accurate descriptions of a property's boundaries.
- We began a two-year project to improve the accuracy of digital cadastral survey data in urban and intensive-use rural areas. Increasing data accuracy will mean the recorded spatial position of boundaries in these areas will more closely match the legal position of the boundaries.

In its current state, our data needs to be processed before it can be widely used. Improving accuracy and linkages in these two areas will allow organisations using the data to concentrate on innovative spatial processing products and services such as three-dimensional or time-lapse modelling.

³⁵ ENCs are used on ships with Electronic Chart Display and Information Systems (ECDIS) that combine ENCs with other data, such as real-time depth data and position data from global positioning systems, radar and the ship's speed log. Users can then tailor their chart display, interrogate certain objects for more information, and set safety and alarm depths to aid safe navigation.

³⁶ Increasingly, the agricultural sector is using geospatial information to assess and understand variations out in the field. For example, farmers can use GIS tools to understand factors such as moisture levels or soil erosion across their properties, and therefore manage them in a more cost-effective and targeted way.

³⁷ See the geodetic section of our website, www.linz.govt.nz, for a link to the report and more information on real-time data through PositioNZ.

How we measured our progress

We delivered projects under the New Zealand Geospatial Strategy work programme in accordance with project plans and timeframes³⁸ (see page 48).

We met our standards for maintaining and providing information with a minor exception.

We did not meet our performance measure for collecting hydrographic information because the Royal New Zealand Navy, which was commissioned to carry out a survey, was required to assist with tsunami relief in Samoa.

We conducted baseline research on customer satisfaction with our products and services.

Baseline 2010 research on our customers found:

- Topographic customers gave an overall satisfaction rating of 63% with our digital products and 62% with the Topo50 map series.
- Hydrographic customers gave an overall satisfaction rating of 92% with our paper charts and 70% with our Electronic Navigational Charts (ENCs).
- Customers who bought and on-sold our bulk data gave an overall satisfaction rating of 70%.

³⁸ We are using the recently developed performance evaluation framework to establish revised performance measures for the outcome, Available, accessible and shared geospatial information.

Managing land

EFFECTIVE MANAGEMENT OF CROWN ASSETS

LINZ administers almost three million hectares of Crown land, which is approximately 8% of New Zealand's land area. We aim to manage Crown assets as effectively as possible by being diligent in risk mitigation, flexible in tenancing, and cost-effective in our maintenance and biosecurity control programmes.³⁹

We balance economic, social and environmental considerations in the many decisions we make. We also consider the sometimes competing demands of central, regional and local government, leaseholders and licensees, iwi and public interest groups. In many cases, we work closely with these stakeholders to pursue cost-effective strategies, particularly around land management issues with complex interdependencies such as biosecurity.

We also regulate the purchase and sale of land by all Crown agencies to ensure the Crown's activities both advance the public interest and protect landowners' rights.

What we set out to achieve

This year, two of the Government's priorities for Vote Lands were in land management:

- We sought to develop a strategic approach for ensuring Crown pastoral land in the iconic South Island high country is put to best use.
- We wanted to increase the effectiveness of our biosecurity programme, particularly through a higher level of collaboration with stakeholders and improvement of our property management information systems.

What we achieved

We developed a new policy for the South Island high country...

LINZ manages 231 Crown pastoral leases, covering approximately 1.6 million hectares in the South Island high country.

Following a review of the policy and legislative settings for the high country in 2008/09, we developed and received Cabinet agreement to a paper, *Crown Pastoral Land: 2009 and Beyond*.⁴⁰ This paper sets out a strategic approach for how the Government would like the high country to be managed, and provides clarity to the lessees of pastoral land and other interest groups.

The paper's overarching objective is ensuring Crown pastoral land is put to its best use for economic, environmental and cultural purposes. This will be done through effective stewardship of the land, better economic use, and improved relationships with lessees and high country communities.

Two significant changes from the previous policy relate to tenure review.⁴¹ Under the new approach:

- the Minister for Land Information will now sign off only funding for substantive tenure review proposals, rather than both preliminary and substantive proposals,⁴² and
- pastoral leases next to lakes will no longer be excluded from tenure review.

The paper also proposed a new rent-setting system for Crown pastoral leases. In 2009/10, we began work with the High Country Accord⁴³ to develop a policy for this new system, which will ensure rents are tied to the earning capacity of lessees' farms. By being simpler to administer and more transparent, the new system should reduce the number of disputes over rents, and allow lessees to continue maintaining and protecting the leased land.⁴⁴

...managed 231 pastoral leases...

LINZ brought management of pastoral leases in-house in 2008/09. While we still use contracted service providers to perform specialist work, managing the statutory processes and engaging directly with lessees has enabled us to develop closer relationships and resolve issues at early stages before they become problems.

We conducted 50 property inspections in 2009/10, 20 above our target standard. While the greater number affected our timeliness target for completing reports on these inspections, lessees were not impacted and have appreciated the comprehensiveness of our reports and our engagement with the issues they face.⁴⁵ We can report lessees have had a very high rate of complying with their lease conditions, and most are practising good husbandry and stewardship of the leased land.

...and continued tenure review of pastoral land.

Under our tenure review programme, we developed nine preliminary proposals, and completed and put six substantive proposals to lessees in 2009/10. We are now rolling out a new model for how we operate tenure review, and expect to continue or better our performance.

As at 30 June 2010, substantive proposals have been put to leaseholders for 78 pastoral leases, covering a total land area of approximately 418,000 hectares. Of this total area, approximately 198,000 hectares (47%) is public conservation land and approximately 220,000 hectares (53%) is freehold land.

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

³⁹ See page 30 for more information on our portfolio of Crown land.

⁴⁰ This paper is available online in the Crown property section of our website, www.linz.govt.nz.

⁴¹ Tenure review is a voluntary process to determine, for any one pastoral lease, which pastoral land should be retained by the Crown for conservation purposes and which land the leaseholder can gain as freehold title.

⁴² See page 30 for more information on substantive and preliminary proposals.

⁴³ The High Country Accord is a trust representing most landholders who own farms with perpetual leasehold title.

⁴⁴ Details of the new rent-setting system were announced in August 2010.

⁴⁵ See page 30 for more information on our performance in this area.

We managed biosecurity on our land...

We undertake annual biosecurity control works on the land we administer. In doing so, we aim to mitigate the impacts pests can have on the economic returns of our properties and on recreational use of New Zealand's rivers and lakes.

Riverbeds and lakebeds continued to be a focus area in 2009/10. For example, we are five years into a 10-year joint commitment to control lake weed in Lake Wanaka, and have continued a collaborative programme to control targeted areas of lake weed in Lake Karapiro ahead of the October 2010 World Rowing Championships.

In general, our efforts, and those of our partners in this commitment, play an important role in ensuring lake weed does not affect the reputation of New Zealand's lakes as tourist and recreational attractions.

...and increased effectiveness.

In 2009/10, we improved our information systems for recording on-site biosecurity information. This has allowed us to more accurately map out the extent of our pest control works, target resources more effectively, and respond more quickly and accurately to biosecurity threats and queries.

We have also looked to collaborate more widely with territorial authorities, iwi, adjacent landowners, and other stakeholders to deliver effective pest controls on areas under our management, for example in river beds.

This includes seeking to harness innovative biosecurity solutions sought by community groups and other organisations throughout New Zealand. As an example, we are providing support to the Te Anau Biocontrol Group, which has been releasing broom gall mites since 2008 as an effective method for helping to control the spread of broom in Southland.

We managed 5,000 properties across the country...

In addition to pastoral land, we administer more than 5,000 other Crown properties under a variety of legislation. The Crown land we manage presents a number of challenges beyond general maintenance. These include risk identification and mitigation, biosecurity, managing tenancies, and resolving unauthorised uses.

Successful tenancing of our properties relies on our team's highly specialised knowledge about governing legislation (predominantly the Land Act 1948), the business strategies of modern portfolio management, market conditions, and environmental factors.

This year, we conducted approximately 100 inspections to ensure tenants were complying with their lease agreements and not putting properties to any unauthorised uses. We also processed 129 applications to grant leases, licences or easements on our properties.⁴⁶

Granting of easements requires complex decision-making in some cases. A recent and ongoing focus for us has been whether to grant limited-term easements rather than a perpetual right. In the future, it is likely that rights to natural assets such as water will increase considerably in value. In our decision-making, we balance the need for certainty sought by people and companies when applying for easements, the estimated life of the infrastructure requiring the easement, and the Crown's desire to retain its options for future potential uses.

...added 1,200 properties from the Ministry for the Environment...

In recognition of our land management expertise, we have been approached by other government agencies to bring further land under our administration. More than 1,200 properties held by the Ministry for the Environment were transferred to us in early 2010. Three of these are large forested parcels of land that stabilise hill country and protect major roads from slips. Most of the other properties are strips of land along river banks that act as river flood control areas.

We are committed to working with other departments to ensure land is managed as effectively as possible.⁴⁷

...and managed land-related liabilities.

We managed 398 contingent land-related liabilities this year.⁴⁸ In many cases, resolution of liabilities can span several years and we take a reactive, risk-based approach to them. Some cases may remain dormant for long periods before a claimant fully formulates a claim.

In any one year, we are likely to actively investigate approximately 40 liabilities, which are typically situations where individuals or organisations have contacted us in the belief that the Crown has acted unfairly in a property-related matter.

Active investigation means considering claimants' information, thoroughly researching the background to the claim, determining any Crown liability and managing any subsequent negotiation or litigation. Following thorough consideration, resolution of a claim may simply involve advising a claimant that the Crown has no liability. Overall, our aim is to both protect the Crown's interests and act fairly towards claimants.

We played a significant role in Treaty of Waitangi settlements...

LINZ is supporting the Government's objective of negotiating historic Treaty of Waitangi settlements by 2014. We play a key role in the complex processes, which are coordinated centrally by the Office of Treaty Settlements.⁴⁹

The Government has made our contribution to settlements a priority for 2010–13. This year, we initiated planning to help resource this work.

⁴⁶ Easements are where people seek the right to use our land, without owning it or taking away any soil or produce from it. Common examples are people seeking the right to access water or to run utilities pipes or lines through the land.

⁴⁷ See page 21 for more on our joint land management initiatives under the Natural Resources Sector Network.

⁴⁸ Land-related contingent liabilities are costs the Crown may incur if a third party has been adversely affected through some error, omission or default by the Crown in dealing with a property. Most of the liabilities we manage arise from historic actions or inactions of our predecessor agencies. Others arise from actions of illegal occupiers.

⁴⁹ See page 30 for more detail on our roles around Treaty of Waitangi settlements.

We also manage Crown Forestry Licences (CFLs) on land being retained for use in Treaty settlements. On July 2009, 23 CFLs (covering approximately 178,000 hectares) were vested as part of the central North Island iwi collective Treaty settlement. Our work this year in implementing the transfer of these forests, and those arising from earlier Treaty settlements, has been considerable.

...and managed a busy year for buying and selling Crown land.

LINZ provides policy and technical advice to Government on the legislation and framework that govern Crown property transactions. This includes managing the framework by which Crown agencies and utilities companies can acquire land under the Public Works Act 1981 for infrastructure projects and other public works.⁵⁰

We also provide a centralised service for reviewing and signing off all purchases and sales by all Crown agencies.

Ensuring statutory requirements are met, and that private individuals are fairly treated, requires extensive knowledge and highly specialised skills. Other Crown agencies benefit from not needing to provide this capability in-house and from the objectivity we provide in our review of purchases and sales. This lowers the risk to private individuals and to Crown agencies.

In 2009/10, we made 2,958 statutory decisions, which is outside our estimated target range of 2,000 to 2,800 decisions. The increase was mainly due to the number of land purchases undertaken for New Zealand Transport Agency infrastructure projects, such as Roads of Significance. Ninety-one percent of these decisions were made within 10 working days.

How we measured our progress

We were 100% compliant with our standards for pastoral land management with one minor exception (see page 32).

Our biosecurity stakeholders were satisfied with our efforts.

We ran an inaugural survey of our stakeholders in early March 2010, which provided a benchmark for measuring our collaboration efforts and stakeholder satisfaction. Overall, those surveyed felt our engagement on biosecurity matters was good and that we have done our best to meet our obligations within our available funding.

Those surveyed also felt we are achieving good value in our biosecurity work within available funding.

We exceeded our revised revenue target by \$2.311 million.

In 2009/10, despite persistent adverse market conditions, we exceeded our revised target of \$3 million for selling properties and made \$5.311 million for the Crown.

We were 100% compliant with Crown Forestry Licence Management Agreement specifications and timeframes (see pages 34–35).

We received no justifiable complaints from the Crown Forestry Rental Trust and iwi in our administration of CFLs (see page 34).

We were 100% compliant with statutory requirements for selling properties from our portfolio, and for acquiring land (see pages 34–35).

⁵⁰ See page 35 for more information on our role in this area.

How we continued to improve our organisation's performance

In 2009/10, we prioritised the people, knowledge and technology initiatives that will support delivery of more cost-effective services, and our longer-term ambitions of increasing the use of geospatial information.

The overall effect we sought was to increase our organisational 'agility' – our collective ability to move quickly to deliver the Government's priorities, meet the needs of customers, and perform well within tight financial constraints.

Our workforce

At the end of June 2010, we had 493.4 full-time equivalent employees.

Our workforce is ageing, with approximately 30% of staff born before 1960. By 2020, 17% will be aged over 65. Approximately 10% of our employees are under 30.

For establishment purposes, LINZ has 485.8 full-time equivalent employees.⁵⁵ With the inclusion of vacancies, our establishment record is 539, in line with the 539 full-time equivalent employees agreed with Government in 2009.

Diagram 2 shows our staff distribution by business group, and Table 4 shows overall staff numbers, proportions of male and female staff, annual leave owing, and staff turnover.

Diagram 2

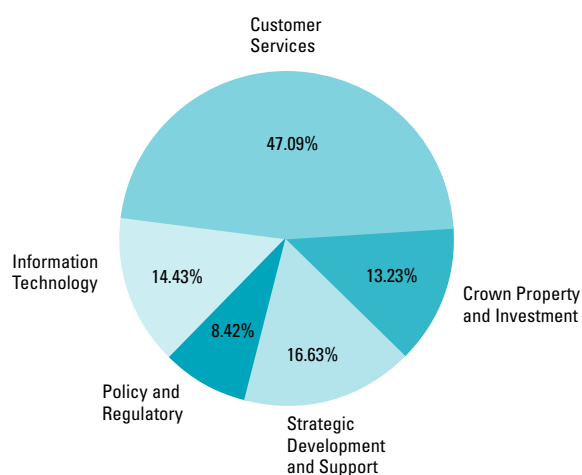


Table 4

	2007/08	2008/09	2009/10
Staff (head count)	521	533	499
Full-time equivalent staff (FTEs)	515	523.1	493.4
Fixed-term staff (FTEs)	30.7	20.2	18.6
Female staff as a percentage of head count	42%	45%	46.7%
Male staff as a percentage of head count	58%	55%	53.3%
Annual leave average balance (days)	19.1	17.6	18.5
All annualised turnover (%)	19.4%	21.9%	18.8%
Core unplanned annualised turnover (%)	8.3%	9.0%	8.2%

What we achieved

We put in place a people strategy...

This year, we put in place a new strategy that outlines the key people capability shifts we need to make to deliver our strategic objectives. As part of the strategy, we developed new frameworks for developing our leaders and staff.

Leadership

Our people managers and technical leaders need to ensure their teams are focused on innovation and service delivery as we operate in a more complex environment.

This year, we implemented a leadership framework that defines the roles of our leaders and the competencies they need, and outlines career pathways for technical leaders. As part of this framework, we also developed talent management and succession planning for leaders in 2009/10.

Learning and development

While LINZ has provided good learning opportunities for staff, our systems for analysing learning needs and the effectiveness of training activities has been weak.

This year, we launched a new learning and development framework to better plan and monitor the people capability shifts we want to see.

Performance management

We also implemented a new performance management system, which provides all our staff with clear expectations of what is expected of them, and a clear line of sight from individual roles up to our organisational strategy and objectives.

... reviewed our IT services ...

LINZ will continue to rely heavily on information technology (IT) to deliver our services and improve access to our information.

Because of the expansion of our role into geospatial information leadership, the tight fiscal climate and the requirement for more efficient services, we reviewed our IT services to assess the most cost-effective and sustainable model for the future.

As a result of this review, in 2010/11 we will look to consolidate our suppliers, outsource more where the market can provide better services, and use government-shared services where possible.

Moving to this model will result in more agile IT service delivery at less cost. In a climate where we will have to continue to fund new initiatives from within existing baselines, the review has prepared us to provide a stable and innovative technology platform that supports our strategic direction.

...improved planning and performance...

LINZ has put a lot of effort into developing and implementing a robust coordinated planning process that ensures we prioritise areas of activity that will best deliver our outcomes and meet the Government's expectations of us.

In 2009/10, we also began reviewing the quality of our performance measures, particularly those at output level, to ensure we can adequately demonstrate how our work is contributing to our four outcomes.

LINZ was part of the first tranche of agencies to go through a formal assessment using the performance improvement framework developed by the State Services Commission. We are using the results from this to inform our priority areas for improving performance.

...focused on knowledge capture and sharing...

Our knowledge systems need to support an 'agile' organisation by ensuring staff can quickly capture, find and share the information we need in our daily operations. Currently, our people have experienced difficulty finding the right information, and some lack confidence in using our information management systems.

In 2009/10, our electronic document management system was rolled out to our processing centres. All LINZ staff now access and use the same repository for corporate information.

We also focused on pragmatic knowledge management solutions by redesigning our training courses and user guides, and implementing interviews for exiting staff on transferring their knowledge.

At a system level, we applied Archives New Zealand retention and disposal schedules to remove 20 gigabytes of redundant information from our electronic document management system, which has resulted in productivity improvements and savings.

...and collaborated widely.

As well as looking to work more closely with organisations that can help us achieve our strategic aims, we sought opportunities for providing better, cheaper services to New Zealanders through sharing services, information and advice with other agencies.

Managing natural resources

From our chief executive down, we have been active in the Natural Resources Sector Network, a group of government agencies responsible for natural resources management and policy. Early indications from Ministers responsible for natural resources are that they are seeing more coordinated advice from agencies on land policy matters.

The network also aims to foster service-sharing between the agencies involved, whether those resources are data, capability or IT support.

In 2009/10, we worked with the Department of Conservation (DOC) to develop a joint information system for better managing and reporting on the 40% of New Zealand land that is managed between both agencies.⁵¹ In time, the system will be made available to other government agencies, state-owned enterprises and local government.

Working with DOC and the Ministry for the Environment, we also developed joint programmes for building leadership capability among network agencies. These will be put in place in 2010/11.

We also worked with network agencies to deliver a natural resources sector-wide licence for using Esri GIS software.⁵² Agencies will now be able to leverage existing Esri software to support their future geospatial information requirements, and collaborate more widely as we look to share capability, data and processes. The agreement will save the sector approximately \$850,000 in fees every year.

Sharing government services

We are part of a government steering committee for reducing costs and strengthening the efficiency and effectiveness of administrative and support services across the state sector.

Our chief executive is also leading work to take a government-sector wide approach for re-using government data and information.

LINZ has also committed to using telecommunication services available from one.govt⁵³ and will be procuring PCs, printers and multi-functional devices through a procurement reform programme led by the Ministry of Economic Development.

How we measured our progress⁵⁴

We measured our people's engagement levels.

We conducted our first engagement survey in March 2010, with a 90% response rate. The overall average satisfaction rating from staff was 3.64 out of 5, below the state sector average of 3.73. We will use this baseline rating to measure our people's engagement in future years.

We measured our baseline IT infrastructure costs.

As part of our IT review, we benchmarked our infrastructure management costs at \$5.5 million. We will measure future IT cost management against this figure.

⁵¹ We aim to have the new property management system in place by the end of 2010.

⁵² Esri is a company that provides geographic information systems (GIS). A GIS is a system for capturing, managing, analysing and presenting data that is linked to location.

⁵³ one.govt is the IT networking services being offered to state sector agencies. Agencies can opt in to use one.govt, but are not required to do so.

⁵⁴ In 2009/10, we began measuring our performance in such areas as improving our turnover rate for technical staff with less than two years' tenure, increasing our leadership capability and transferring knowledge. This data, once analysed, will be used as a baseline for measuring future performance from 2010/11 onwards.

⁵⁵ This figure excludes the chief executive, parental and extended leave staff, which are not reported to the State Services Commission as part of establishment reporting.

2. LINZ's Performance 2009/10

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 2010.



Colin MacDonald
Chief Executive
Land Information New Zealand
30 September 2010



Countersigned by:
Bridgette Hickey
Chief Financial Officer
Land Information New Zealand
30 September 2010

TO THE READERS OF LAND INFORMATION NEW ZEALAND'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of Land Information New Zealand (the "Department"). The Auditor-General has appointed me, G J Taylor, using the staff and resources of Ernst & Young, to carry out the audit on her behalf. The audit covers the financial statements, the schedules of non-departmental activities and statement of service performance included in the annual report of the Department, for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Department on pages 53 to 73:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Department's financial position as at 30 June 2010;
 - the results of its operations and cash flows for the year ended on that date;
 - its expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
 - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- The schedules of non-departmental activities on pages 74 to 89 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 2010.
- The statement of service performance of the Department on pages 27 to 51:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards included 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 included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, and is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing the financial statements, statement of service performance and schedules of non-departmental activities in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2009, that 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 2010.

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.

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

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

Independence

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

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



G J Taylor
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
30 September 2010

Performance Information – Statement of Service Performance

OUTPUT CLASS – ADMINISTRATION OF THE NEW ZEALAND GEOGRAPHIC BOARD (NGĀ POU TAUNAHA O AOTEAROA) ACT 2008

This appropriation is limited to the expenses incurred under the New Zealand Geographic (Ngā Pou Taunaha o Aotearoa) Act 2008, including: Board/Committee meetings, secretariat personnel, consultation, public advertising and publicity, national and international liaison and representation, and Board publications.

There is one output in this output class:

(i) Official Place Names

Output – Official Place Names

The New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa (the Board) is responsible for official place naming in New Zealand. It is a statutory body appointed by Government. LINZ administers the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 and funding for the Board.

The Board considers proposals to assign, amend, approve, alter or discontinue official names, from the following sources:

- Office of Treaty Settlements, usually as part of a Treaty of Waitangi claim settlement
- Ministry of Justice, usually as part of foreshore and seabed recognition instruments
- Department of Conservation, for Crown-protected area names
- territorial authorities, for alterations to district and region names
- members of the public, and
- proposals initiated by the Board under the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008.

Other functions and duties of the Board include investigating the position and extent of official names, adopting policies, rules and standards for official names, and administering the New Zealand Gazetteer of Official Geographic Names.

When considering naming proposals, the Board recognises the importance of local communities, the wider public, local iwi and other parties.

Output – Official Place Names

Performance measure	Performance
Quantity	
Number of official place name proposals considered by the Board. Standard: Annual target 150 (est) (Annual range 100–250)	The Board considered 276 official place name proposals for the year ended 30 June 2010. The target was exceeded for the 2009/10 year due to a high volume of Treaty of Waitangi settlement name requests (177) that needed to be considered by the Board to meet Treaty settlement deadlines.
Quality	
Consultation on official place names carried out in accordance with good practice for consultation and the Board policies. Standard: 100%	All official place name consultations were carried out in accordance with good practice by the Board for the year ended 30 June 2010.
Timeliness	
Official place name proposals received before the deadline set by the Board considered at the next Board meeting. Standard: 100%	During the 2009/10 year, 96.4% of place name proposals received before the deadline set by the Board were considered at the next Board meeting. The standard was not achieved because 10 out of 276 proposals (3.6%) were deferred due to the high volume and complexity of other proposals already received and included on meeting agendas.

Financial performance

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

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
545	Revenue Crown	1,283	1,621
1	Revenue other	–	–
546	Total revenue	1,283	1,621
560	Total expenses	1,283	1,621
(14)	Net surplus/(deficit)	–	–

OUTPUT CLASS – ADMINISTRATION OF THE OVERSEAS INVESTMENT ACT 2005

This appropriation is limited to assessing applications for consent to investment in New Zealand land, significant business assets and fishing quota, and monitoring and enforcement of any condition attached to consents granted.

There is one output in this output class:

(i) Overseas Investment Office

Output – Overseas Investment Office

The Overseas Investment Office (OIO) within LINZ administers functions under the Overseas Investment Act 2005, the Overseas Investment Regulations 2005, and sections 56 to 57J of the Fisheries Act 1996. Under this output, the OIO's functions include considering applications from overseas persons to invest in sensitive New Zealand land, significant business assets and fishing quota, and advising the relevant Ministers on how applications for consent should be decided. The relevant Ministers may grant consent subject to conditions.

The functions of the OIO also include monitoring compliance with any conditions of consent, and keeping statistical and other information about overseas investments.

Key initiatives for the OIO are to:

- provide support to the Treasury for the review of the Overseas Investment Act, announced in March 2009
- improve the timeframes within which applications for consent are processed
- improve the quality of decisions made, and
- enhance the OIO's ability to report on information relating to overseas investments.

Output – Overseas Investment Office

Performance measure	Performance
Quantity	
Number of applications processed and decisions made or recommendations made. Standard: Annual target 190 (est) (Annual range 150–250)	For the year ended 30 June 2010, 158 applications were decided. The total number of applications received was within the annual range, but fell short of the annual target. Volumes are generally dependent on economic activity, and are a matter outside the OIO's control.
Number of instances of conditions monitored post-consent. Standard: Annual target 1,000 (est) (Annual range 800–1,200)	For the year ended 30 June 2010, no post-monitoring statistical analysis information was available. This performance measure has since been changed in 2010/11 as the OIO does not currently collect data on the number of individual instances of conditions monitored post-consent. However, the OIO does hold data on the number of reports that consent holders provide on compliance with conditions of consent. The reports range in complexity, depending on the number of conditions imposed on each consent. For the year ended 30 June 2010, the OIO received 477 reports from consent holders. Enhancements to the OIO's Investment Management System, to allow conditions to be captured and monitored are scheduled to be completed by October 2010.
Quality	
Percentage of decision recommendations on overseas investment applications agreed to by Ministers. Standard: 95%	For the year ended 30 June 2010, 99.4% of overseas investment applications were agreed to by Ministers.
Percentage of applications accepted for processing or rejected for rework within 5 working days of receipt. Standard: 95%	For the year ended 30 June 2010, 95.43% of applications were accepted for processing or rejected for rework within 5 working days of receipt.
Quarterly independent survey of submitters of applications on effectiveness of OIO processes. Standard: Minimum rating of 'good'	The survey asks a range of questions with a rating of 1 (poor) to 5 (excellent). For the period February 2010 to 30 June 2010, the average rating of all survey respondents was 4. During the first 6 months of the 2009/10 year, questions were formulated and the electronic questionnaire was built. The first survey was sent out in February 2010 to all applicants who received decisions summaries from the OIO from January 2010.
Timeliness	
Percentage of accepted applications processed within 50 working days. Standard: 90%	For the year ended 30 June 2010, 79.72% of applications were processed within 50 working days. If time waiting for applicants and third parties is excluded, 95.1% of applications would have been processed within 50 working days, and the median processing time would have been 12 working days.

Financial performance

Output Class – Administration of the Overseas Investment Act 2005

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
1,080	Revenue other	1,907	2,572
1,080	Total revenue	1,907	2,572
2,464	Total expenses	2,401	2,582
(1,384)	Net surplus/(deficit)	(494)	(10)

OUTPUT CLASS – CROWN PROPERTY MANAGEMENT AND DISPOSAL SERVICES

This appropriation involves the management and disposal of the Crown's interest in land and property (outside of the conservation estate) and acquisition, management and disposal of land and property administered by LINZ on behalf of the Crown.

There are two outputs in this output class:

- (i) Crown Property Management and Disposal Services.
- (ii) Delivery of the Crown Property Clearance Service.

Output – Crown Property Management and Disposal Services

This output provides for the efficient management of Crown land and land-related liabilities. Within the Crown pastoral land area it also includes the management of the tenure review programme, and the acquisition and disposal of Crown land, Crown forest management and Treaty of Waitangi settlement obligations. The outputs under this output class all contribute to the outcome, Effective management of Crown assets.⁵⁶

Crown pastoral

LINZ manages 231 Crown pastoral leases covering 1.6 million hectares in the South Island high country. The management of these leases includes:

- undertaking 11-yearly rent reviews
- lease renewals
- communication and engagement with leaseholders
- monitoring compliance with lease conditions through regular property inspections
- follow-up action for areas of non-compliance, and
- making discretionary decisions on land use outside of normal pastoral grazing.

Tenure review

LINZ manages the tenure review programme under the Crown Pastoral Land Act 1998 on behalf of the Crown. Tenure review is a voluntary process that enables:

- freeholding of land capable of economic use
- protection of land with significant inherent value, and
- public access and recreation opportunities.

The statutory process takes into account a wide range of interests including those of the leaseholder, Department of Conservation (DOC), Fish and Game, iwi and the public. It can take several years to complete a review and reach an agreed outcome. Each tenure review requires comprehensive information gathering, analysis and consultation before a preliminary proposal can be developed and advertised for public submissions.

Once public submissions have been considered, further consultation is required before a final or substantive proposal can be developed.

Before any proposal can proceed, it must be considered by the Tenure Review Quality Assurance Board, and is also subject to funding approval from the Minister for Land Information and statutory approval from the Commissioner of Crown Lands.

When a substantive proposal has obtained all necessary approvals, it is put to the leaseholder, who has three months to accept it. Once accepted and unconditional, further work is required to implement the proposal including fencing, surveying, raising freehold title and transferring conservation land to DOC.

Properties managed

Excluding pastoral leases, LINZ manages over 5,000 properties under the Crown Forest Assets Act 1989 (CFA Act), the New Zealand Railways Corporation Restructuring Act 1990, the Public Works Act 1981 and the Land Act 1948.

Properties managed under the CFA Act are administered under delegation from shareholding Ministers (Finance and State-Owned Enterprises) and are subject to Crown Forestry Licences (CFLs).

The management of these CFLs includes:

- passing licence fees collected to the Crown Forestry Rental Trust (CFRT), to be held in trust for Māori claimants who subsequently have the land plus accumulated licence fees returned to them during settlement of Treaty claims
- undertaking a three-yearly periodic review of licence fees
- undertaking a nine-yearly general review of the methodology for establishing those fees
- obtaining valuation and forestry advice to assist in these processes
- closely managing applications for easements over CFLs or assignments of CFLs to ensure future income is not jeopardised, and
- communicating and engaging with licensees, the Federation of Māori Authorities and the New Zealand Māori Council.

⁵⁶ During the year, we changed the name of this outcome from Best use of Crown assets.

Approximately 170 of the remaining properties managed by LINZ have values in excess of \$100,000. The portfolio includes:

- Crown-owned riverbeds
- the beds of some significant lakes (eg, Lakes Hawea, Wanaka and Karapiro), and
- strips of former railway land.

Approximately 2,500 properties are in two property management contracts. Where possible, properties are leased or licensed at market rates, with the lessee/licensee responsible for maintenance and rates.

The majority of properties in the portfolio are low-value properties in rural areas.

Success is measured by 100% compliance with specifications and timeframes in Part 2 of the Crown Forestry Licence Management Agreement with shareholding Ministers, and no justifiable complaints being received from the CFRT or iwi.

Biosecurity

Each year, LINZ undertakes a programme of biosecurity control works on properties it manages (excluding CFLs and the work undertaken on pastoral leases). The work undertaken:

- follows the intent of Regional Pest Management Strategies developed by regional councils in accordance with the Biosecurity Act 1993
- is a nationally coordinated programme using contractors to carry out the physical control works
- involves working collaboratively with neighbouring owners, territorial authorities, DOC and other agencies to improve the effectiveness and mitigate re-infestation, and
- requires public consultation and notification.

Success is measured by a lack of justifiable complaints from regional councils through an annual stakeholder satisfaction survey.

Disposals

The ultimate aim is to dispose of properties within the portfolio, and LINZ manages this through a risk-based disposal programme. Very few properties are surveyed and titled so properties are generally included in the programme where:

- the net return from disposal is greater than the costs of processing for disposal
- any risks to the Crown (eg, contamination) can be removed by disposal of the property, and
- long-term holding costs outweigh disposal costs.

Current impediments to disposal of some higher-value properties include:

- an embargo by the former Minister of Finance on the sale of properties in Auckland and Wellington pending decisions being made on future transport needs in these centres, and
- a requirement to hold properties in other areas pending Treaty settlements.

Success is measured by 100% compliance with statutory requirements and achievement of a revenue target of \$6 million.

Purchase of properties

LINZ acquires properties on an as-required basis, such as:

- where compulsory acquisition for a public work purpose is contemplated, LINZ undertakes background research and negotiations on behalf of the Minister for Land Information, and
- following Cabinet direction.

Success is measured by 100% compliance with statutory requirements.

Treaty of Waitangi settlement obligations

In addition to Crown forest land, which is specifically held for Treaty settlement purposes, other land managed by LINZ may be also be used for Treaty settlements.

LINZ's role is to:

- provide advice to the Office of Treaty Settlements about the availability of Crown-owned land for prospective settlements
- undertake full vendor disclosure for properties being considered for settlement
- carry out survey and titling when implementing settlements
- be involved in direct negotiations with claimants where Crown forest land is involved, and
- obtain and analyse valuation advice for establishing a transfer price for Crown forest land.

The increased pace of Treaty settlements proposed for the period to 2014 is likely to be more resource-intensive. LINZ will require increased capacity to meet tighter timeframes for disclosure, negotiations and consideration of documentation.

Land-related liabilities

LINZ deals with a number of land-related liabilities on behalf of the Crown that have arisen from the actions or omissions of LINZ or its predecessors, and from the actions of illegal occupiers. Examples of liabilities include:

- those associated with the disposal of land no longer required for public works, and
- purchase of properties in Huntly East that are prone to land subsidence.

The history of each case is fully investigated and analysed before liability is accepted. The Crown Law Office is involved if a case proceeds to litigation.

Output – Crown Property Management and Disposal Services

Performance measure	Performance
Pastoral lease and licence management	
Quantity	
Property inspections completed. Standard: Annual target 30 (Annual range 25–35)	For the year ended 30 June 2010, a total of 50 property inspections were completed.
Non-compliance actions. Standard: Annual target 7 (Annual range 5–10, subject to number of issues identified in inspections)	6 pastoral lease breaches were investigated in accordance with the regulatory framework.
Decisions on discretionary actions. Standard: Annual target 250 (Annual range 200–300, subject to applications received)	For the year ended 30 June 2010, 95 decisions for discretionary actions were made. The number of decisions made for discretionary actions is subject to the number of applications received. The economic environment has affected the amount of on-farm development and reduced the volume of applications.
Quality	
Property inspections completed. Standard: Inspection reports identify extent of good husbandry practices and compliance with terms of pastoral lease.	All property inspection reports identified good husbandry practices and compliance with pastoral lease terms.
Non-compliance actions. Standard: Leaseholders provided with opportunity to comment on compliance matters. Identified breaches investigated in accordance with Crown pastoral lease regulatory standards and statutory framework.	Where compliance risks were identified through property inspections, comments were sought from leaseholders in an attempt to reconcile with lease requirements. Of those compliance risks, 6 cases were unable to be reconciled and the breaches were investigated in accordance with Crown pastoral lease regulatory standards and statutory framework. For the year ended 30 June 2010, two cases were resolved and four cases are still outstanding. In addition to the above, one breach from 2008/09 was resolved through a court process.
Decisions on discretionary actions. Standard: Decisions in accordance with Crown pastoral lease regulatory standards and statutory framework, and consistent with Government policy.	All applications received for discretionary actions are processed in accordance with LINZ standards and guidelines, including statutory and Government policy requirements. Decision papers for each case demonstrate compliance and quality assurance.
Timeliness	
Property inspections completed. Standard: Reports completed within 4 weeks of inspection.	The average processing time for the 50 inspection reports was 7 weeks. The approach for inspections this year has been to maximise field work while weather conditions were suitable. This action extended the time for supply of reports. Another significant factor was a reduction in contractor resources during the year when service provider DTZ exited the market. A new panel of service providers has subsequently been appointed, which will increase capacity for future work.

Pastoral lease and licence management	
Decisions on discretionary actions.	The average processing time for discretionary actions decisions was 7.3 weeks.
Standard: 95% of decisions made within 7 weeks from receipt of complete application.	91% of decisions were made within 10 weeks.
	A reduction in contractor resources during the year when service provider DTZ exited the market affected timeframes to complete field work and process applications.
	A new panel of service providers has subsequently been appointed, which will increase capacity for future work.
	Improved workflow processes and monitoring have also been implemented to better manage timeframes. In addition, a revised 8-week timeframe has been agreed to for the 2010/11 year.
Tenure review	
Quantity	
Tenure review preliminary proposals submitted to the Tenure Review Quality Assurance (TRQA) Board.	9 preliminary proposals were submitted to the TRQA Board:
Standard: Annual target 6 (Annual range 4–10)	<ul style="list-style-type: none"> • Balmoral • Chetwynd • Dunstan Peaks • Gemlake • Glentanner • Lauder • Mt Grand • Mt Nimrod • Temple Peak
Substantive proposals put to leaseholders.	6 substantive proposals were put during the year:
Standard: Annual target 6 (Annual range 4–10)	<ul style="list-style-type: none"> • Barossa • Bendrose • Cambrian • Cambrian Hills • Cloudy Peak • Riverslea
Quality	
Tenure review proposals submitted to the TRQA Board.	All proposals submitted to the TRQA Board were assessed for compliance with Crown pastoral lease regulatory standards, statutory framework, and Government policy.
Standard: Both preliminary and substantive proposals comply with Crown pastoral lease regulatory standards and statutory framework, and are consistent with Government policy.	
Substantive proposals put to leaseholders.	All proposals put to leaseholders were cleared for compliance through the TRQA Board, authorised by the Minister, and approved by the Commissioner for Crown Lands.
Standard: Proposals comply with Crown pastoral lease regulatory standards and statutory framework, and are consistent with Government policy.	
Timeliness	
Tenure review proposals submitted to the TRQA Board.	All tenure review proposals were submitted to the TRQA Board within 12 weeks of receipt.
Standard: Proposals submitted to the TRQA Board within 12 weeks of receipt.	
Substantive proposals put to leaseholders.	All 6 substantive proposals were put to leaseholders within 10 working days of being signed on behalf of the Crown.
Standard: Put to leaseholder within 10 working days of being signed on behalf of the Crown.	

Management of land-related liabilities

Quantity

(1) Properties leased or licensed. Standard: Annual target 775 (Annual range 700–850)	As at 30 June 2010, 780 properties were leased or licensed.
(2) Biosecurity (weed and pest management). Standard: i) 400 hectares of aquatic weed control annually (Annual range 300–500 hectares). ii) 35,000 hectares of terrestrial weed control annually (Annual range 30,000–40,000 hectares).	<p>i) 1,800 hectares of lakebed covered for aquatic weed control. ii) 65,000 hectares of land covered for terrestrial weed control.</p> <p>The methodology upon which this data is recorded has changed. Previously, data was recorded based on the area of pest treated, but this was very difficult to accurately record, given the significant variation in pest infestation levels on properties (might be 5% or 100%).</p> <p>The new methodology is to record the total area of land covered for pest control in the financial year. This is the total area covered or scanned for pest control, regardless of the infestation levels. This methodology is more meaningful, accurate and easier to record.</p> <p>LINZ will update the performance measure targets to reflect this new methodology at the earliest opportunity.</p>
(3) Revenue sales target from properties available for disposal to be achieved by 30 June 2010. Standard: Annual target \$6 million (± 10%)	<p>\$5.311m was received in revenue from properties available for disposal.</p> <p>Budget revenue target was reduced to \$3 million at the February 2010 Baseline Update. The result is 77% above revised target due to a property valued at \$1.9 million becoming unconditional in June 2010.</p>
(4) Properties purchased. Standard: Undertaken on an 'as required' basis.	3 properties purchased in accordance with the Huntly East Subsidence Policy.
(5) Crown Forestry Licences (CFLs) managed. Standard: Annual target 72 (Annual range 65–75)	<p>72 CFLs were managed for the year ended 30 June 2010.</p> <p>Of those, 23 CFLs were vested with the Central North Island Iwi Collective on 1 July 2009, reducing the number of CFLs managed to 49.</p>
(6) Properties included in Treaty of Waitangi settlement redress. Standard: Annual target 29 (Annual range 10–50 properties to become unconditional)	<p>2 LINZ properties were included for Treaty of Waitangi settlement redress.</p> <p>This measure is beyond our control as it is driven by third party activity.</p>
(7) Land-related liabilities managed. Standard: Annual target 350 (Annual range 300–500)	398 land-related liabilities were managed for the year ended 30 June 2010.

Quality

Standards to which the above services will be provided. Standard: In accordance with:	
(1) The specifications in the property management contracts.	Services have been delivered within the specifications of the property management contracts.
(2) LINZ Biosecurity Operational Plan.	All services were provided in accordance with the LINZ Biosecurity Operational Plan.
(3 & 4) Statutory requirements.	All property purchases and disposals were completed within LINZ standards and guidelines, which include statutory and Government-directed requirements.
(5) The specifications in Part 2 of the Crown Forestry Licence Management Agreement.	All CFLs managed were in accordance with specifications.
(6) LINZ Treaty settlement contractual and legislative compliance plans.	Treaty settlements implemented were in accordance with compliance plans.
(7) Requirements in LINZ's Operating Framework for the Investigation and Management of Land-Related Crown Liabilities.	The management of liabilities and contingent liabilities has been in accordance with the requirements and processes recorded in the operating framework dated June 2007.

Performance measure	Performance
Timeliness	
Standards to which services will be managed.	
Standard: In accordance with:	
(1) Timeframes in property management contracts.	All services have been delivered within the specifications of property management contracts.
(2) LINZ Biosecurity Operational Plan.	All services have been delivered to the timeframes required in the LINZ Biosecurity Operational Plan.
(3 & 4) Statutory requirements.	All property purchases completed and property disposal processes undertaken in a timely manner in accordance with LINZ standards and guidelines.
(5) The timeframes in Part 2 of the Crown Forestry Licence Management Agreement.	<p>All services have been delivered within timeframes except for one late payment of licence fees that has subsequently been collected.</p> <p>One licence fee payment was not received until 5 days after the last day for payment due to cashflow problems with the licensee. Consideration was given to invoking the guarantee in the licence, but the licensee paid in full and the fee was immediately passed on to the Crown Forestry Rental Trust. No penalties were imposed on the licensee as the cost of recovery outweighed the \$39 penalty fee.</p>
(6) LINZ Treaty settlement contractual and legislative compliance plans.	All standards have been met within prescribed timelines.
(7) Timeframes in LINZ's Operating Framework for the Investigation and Management of Land-Related Crown Liabilities.	The management of liabilities and contingent liabilities has been in accordance with the requirements and processes recorded in the operating framework dated June 2007.

Output – Delivery of the Crown Property Clearance Service

Under this output, expert statutory decision making is carried out by a dedicated team of property specialists. They assess compliance for the acquisition and disposal of Crown-owned land under the Public Works Act 1981 and related legislation for government agencies, as well as road-stopping actions for territorial authorities.

The risk to the Crown in this area is high (given previous court action and judicial review of decisions), and this process ensures government agencies that operate in the property market act in accordance with legislation, Cabinet directives and LINZ's regulatory standards. Two notable areas of high risk are the compulsory acquisition of land from private owners and section 40 of the Public Works Act 1981 offer-back processes to former owners for surplus Crown land.

At present, applications for property clearances on behalf of Crown agencies can only be made by Crown property accredited suppliers and first-time compliance rates are high. Complex issues often arise in the reports; to manage this risk, peer review of decisions is used in appropriate areas.

Output – Delivery of the Crown Property Clearance Service

Performance measure	Performance
Quantity	
Property reports cleared and a statutory decision made.	2,958 decisions were made during the year ended 30 June 2010.
Standard: Annual target 2,500 (est) (Annual range 2,000–2,800)	Range exceeded mainly due to acquisition work as part of New Zealand Transport Agency infrastructure projects.
Quality	
Standard to which the service will be provided.	All work processed according to standards, but not audited.
Standard: In accordance with the Crown property standards as assessed by quality assurance audit.	No audit was commissioned, but a November 2008 review documented the decision-making process and produced a flow chart that gave assurance as to risks and controls.
Timeliness	
Statutory reports and recommendations cleared or responded to.	275 property reports and statutory decisions were made outside of the 10 working day timeframe. This figure reduced the clearance timeframe to 90.69% for the year ended 30 June 2010.
Standard: 95% within 10 working days.	The standard was not achieved due to increased focus in the 'compulsory' acquisition area as noted above (New Zealand Transport Agency infrastructure projects). Resources were reallocated to the property reports and statutory decision-making area to accommodate the increase in workload in this area.

Financial performance

Output Class – Crown Property Management and Disposal Services

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
17,632	Revenue Crown	17,486	20,159
446	Revenue other	1,000	967
18,078	Total revenue	18,486	21,126
18,012	Total expenses	18,338	20,285
66	Net surplus/(deficit)	148	841

OUTPUT CLASS – LAND AND SEABED DATA CAPTURE AND PROCESSING

This appropriation involves the collection and authorisation of land data and information in accordance with regulatory frameworks.

There are two outputs in this output class:

- (i) Delivery of the Land Rights Registration and Cadastral Survey Systems.
- (ii) Generation of the National Authoritative Geospatial Record.

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

The land rights registration and cadastral survey systems are the information infrastructure for the land property market. Together they provide an accurate and up-to-date picture of registered interests in land that is the foundation for the outcomes, Build and maintain certainty of property rights, and Authoritative land information.⁵⁷

LINZ has recently migrated this service to the electronic Landonline system. This included training and ongoing support for Landonline customers (surveyors, conveyancing practitioners and territorial authorities) and ongoing system enhancement to meet evolving customer requirements.

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

This electronic service has improved efficiency, with a reduction in processing staff and delivery timeframes over 2009/10.

Under this output, LINZ provides:

- The internet-accessible Landonline system for electronic lodgement and registration or approval of title documents (instruments) and cadastral survey plans. LINZ also provides supporting Landonline system registration, training, information, assistance and customer relationship services.
- Registration of land title transactions within the New Zealand land title registration system. This service is provided to conveyancing practitioners and territorial authorities who lodge instruments with LINZ. LINZ confirms the instruments comply with the Registrar-General of Land's standards and other related legislation before registering them in the system.
- Approval of cadastral survey datasets within the cadastral survey system. This service is provided to survey customers who lodge cadastral survey datasets in Landonline. Before approval, LINZ verifies the dataset is compliant with the Surveyor-General's 2010 Rules for Cadastral Survey.
- Issue of new land titles. New land titles are issued following lodgement of appropriate instruments integrating cadastral survey and other information setting out the extent of interests in land. LINZ confirms the extent of these rights and issues new titles.

Performance measure	Performance
Quantity	
Titles documents (instruments) registered. Standard: Annual target 480,000 (est) (Annual range 408,000–552,000)	546,972 title documents were processed for the year ended 30 June 2010.
Cadastral survey datasets approved. Standard: Annual target 10,000 (est) (Annual range 8,500–11,500)	10,952 cadastral survey datasets were approved for the year ended 30 June 2010.
New land titles issued. Standard: Annual target 40,000 (est) (Annual range 34,000–46,000)	37,187 new land titles were issued for the year ended 30 June 2010.
Landonline system available ⁵⁸ between: <ul style="list-style-type: none"> • 7am and 9pm Monday to Thursday • 7am and 7pm Friday,⁵⁹ and • 9am and 5pm Saturday. Standard: 99.5%	<p>The Landonline system was available for 99.35% of the time required for access.</p> <p>The marginal failure was due to:</p> <ul style="list-style-type: none"> • A 3-day outage in October 2009 that negatively affected the year-end result. The cause of this outage was identified and fixed. • Less serious outages in April 2010 and May 2010 that were caused by separate database failures. The cause of these is now known and remedial action has been directed with implementation due in September/October 2010.

⁵⁷ During the year, we changed the name of the first outcome from Certainty of property rights.

⁵⁸ This excludes those days from Monday to Saturday that are designated as non-working days.

⁵⁹ Registration hours for the land title registration system are Monday to Friday 9am to 4pm.

Performance measure	Performance
Quality	
Rating achieved in the quality category of monthly surveys of randomly selected regular customers. Standard: Average rating of 'good' or better	The standard of 'good' was achieved in relation to survey customers. The standard of 'very good' was achieved in relation to titles customers.
All titles documents processed according to standards set by the Registrar-General of Land. Standard: Quality assurance audit provides reasonable assurance of compliance with the standards.	An audit completed in Christchurch and Hamilton in June 2010 provided reasonable assurance of compliance with standards.
Level of error ratings recorded against titles as recorded in the corrections register. Standard: 0.2% or less	The error rate recorded was 0.15% of titles issued or re-issued.
All cadastral survey datasets processed and integrated into Landonline according to standards set by the Surveyor-General. Standard: Quality assurance audit provides reasonable assurance of compliance with the standards.	No audits were carried out for the year ended 30 June 2010. The audit in March 2009 provided reasonable assurance of compliance with standards.
Timeliness	
Titles document registration after lodgement within 10 working days. ⁶⁰ Standard: 90% for 10 out of 12 months	The standard for the year ended 30 June 2010 was 94.5% within 10 working days for 10 out of 12 months.
Cadastral survey dataset approval after lodgement within 10 working days. Standard: 90%	Performance for the year ended 30 June 2010 was 87%. The 90% standard was achieved for 10 out of 12 months. The implementation of the 2010 Rules for Cadastral Survey saw an increase in volumes for May and June 2010 that resulted in the 3% shortfall in timeliness. This was managed back to the 10-day processing time by 30 June 2010.
Landonline-related calls to the LINZ Contact Centre answered within 20 seconds. Standard: 80%	Performance for the year ended 30 June 2010 was 78.93%. Analysis of the calls not answered within the timeframe indicated that the level of information required in providing survey advice has led to the marginal shortfall for this measure. This, along with the implementation of the 2010 Rules for Cadastral Survey, contributed to the low performance for survey customers over May 2010 and June 2010. Staff capability training has been developed to address this issue in the long term. The result for the conveyancing community exceeded the 80% target.

⁶⁰ Measure relates only to instruments requiring manual processing by LINZ staff.

Output – Generation of the National Authoritative Geospatial Record

This output produces the authoritative land information that underpins the land property market and state functions of defence, security and emergency services. It also supports constitutional government administration and safe navigation. This output is the foundation for the outcomes, Build and maintain certainty of property rights, Authoritative land information, and Available, accessible and shared geospatial information.⁶¹

LINZ has migrated this service to digital systems that support the production of required paper-based maps and charts, and enable production of more versatile digital products. This incorporates the benefits that satellite technology enables in improving accuracy of imagery and positioning.

The national authoritative geospatial record consists of:

- **Geodetic reference system.** This is the underlying framework for describing location in terms of latitude, longitude and altitude. LINZ generates this system for New Zealand, the Chatham Islands and Antarctica, through thousands of physical survey marks and trig stations. LINZ maintains these both physically and with data held in Landonline. Additionally, LINZ provides the PositionNZ global positioning system that enables precise positioning for use by surveyors and geospatial information specialists within New Zealand and the Chatham Islands.

- **New Zealand topographic information (NZTopo).** NZTopo information provides the basis for the production of paper maps and related electronic products at 1:50,000 and smaller scales. The digital information also allows value-add processing for more versatile digital products. LINZ generates topographic information for New Zealand, parts of the Pacific region and Antarctica, and maintains its currency and accuracy on a regular basis.
- **Hydrographic information.** LINZ generates hydrographic information for the area around New Zealand, the Pacific and Antarctica as agreed with the International Hydrographic Office. The information's currency and accuracy is maintained through the annual survey programme (outsourced to contractors and the Royal New Zealand Navy) and hazard reports from mariners. Additionally, LINZ generates sea level information from a range of sensors and calculations that support provision of tide predictions and tsunami warnings.
- **Electoral support information.** LINZ generates the electoral spatial reference dataset by integrating street address information provided by territorial authorities into Landonline. This enables the definition of electoral boundaries addresses for enrolment purposes and mapping support. This service is provided under memoranda of understanding with Statistics New Zealand, the Electoral Enrolment Centre and the Chief Electoral Office.

This output excludes the land rights registration and cadastral survey systems. While also authoritative and linked to the geodetic reference system, this is provided under the output, Delivery of the Land Rights Registration and Cadastral Survey Systems.

Output – Generation of the National Authoritative Geospatial Record

Performance measure	Performance
Quantity	
Surveyed and/or maintained contracted geodetic control marks. Standard: Annual target 1,700 (est) (Annual range 1,500–2,000)	2,481 marks were surveyed and/or maintained for the year ended 30 June 2010. The greater number of marks surveyed and/or maintained than estimated is due to a decrease in the cost per survey. These savings have been reinvested in additional surveys to give improved accuracy for rural areas as part of the LINZ strategy to improve data quality.
Topographic information sheets maintained. ⁶² Standard: Annual target 68 (est) (Annual range 58–78)	87 topographic sheets were updated with priority changes, changes impacting safety and full sheet maintenance for the year ended 30 June 2010. Other minor changes were also conducted. The benefit of the increased number of topographic sheets being maintained has resulted in a greater number of charts being published with up-to-date information.
Hydrographic information collection. Standard: Hydrographic survey of Coromandel Peninsula, Mercury Islands and Mercury Bay.	The Royal New Zealand Navy (RNZN) completed 33% of the survey commissioned for the year ended 30 June 2010. This survey was not completed as the RNZN was diverted to assist in the Samoa tsunami relief effort. The completion of the survey has been rescheduled for 2010/11.

⁶¹ The name of the last outcome was changed during the year from Federated geospatial information.

⁶² New measure. Upgrading of topographic information sheets commenced from October 2009 after the issue of the Topo50 map series. Outyear figures will be amended to reflect the quantity for a full year.

Performance measure	Performance
Quantity	
Electoral Spatial Reference Dataset addressing queries processed. Standard: Annual target 2,200 (est) (Annual range 1,700–2,700)	1,545 Electoral Spatial Reference Dataset addressing queries were processed for the year ended 30 June 2010. LINZ service level was forecast to process electoral queries to meet the volumes estimated from local government. The actual volumes tracked to forecast for the initial 6 months but, owing to local government factors, fell below forecast in the later 6 months. The surplus staff effort was reallocated to the Smart Processing ⁶³ initiative to realise the benefits of 100% e-lodgement.
Quality	
All topographic and hydrographic data generated will meet the required standards as assessed by risk-based audit. ⁶⁴ Standard: Quality assurance audit provides reasonable assurance of compliance with the standards.	An audit of hydrographic information management conducted in the first quarter provided reasonable assurance that hydrographic data was managed to the required standards with adequate and effective controls. The scheduled fourth quarter audit of topographic data was cancelled to allow new maintenance processes to be implemented.
All geodetic data generated will meet the quality standards of the Surveyor-General as assessed by risk-based audit. ⁶⁴ Standard: Quality assurance audit provides reasonable assurance of compliance with the standards.	No audit occurred for the year ended 30 June 2010. The scheduled third quarter audit of the survey control system was cancelled to allow new geodetic standards, issued September 2009, to be fully implemented.
All Electoral Spatial Reference Dataset actions will meet the quality standards in the memoranda of understanding with Statistics New Zealand, the Electoral Enrolment Centre, the Chief Electoral Office and the Surveyor-General, as assessed by risk-based audit. ⁶⁴ Standard: Quality assurance audit provides reasonable assurance of compliance with the standards.	Audit not required for the year ended 30 June 2010 based on the level of risk and previous audit coverage.
Timeliness	
Electoral agency addressing queries processed. Standard: 90% within 10 working days from receipt.	Performance for the year ended 30 June 2010 was 95.1% within 10 working days from the date of receipt.
Follow-up with territorial authorities regarding outstanding addressing queries. Standard: 90% within 20 working days from last follow-up.	Performance for the year ended 30 June 2010 was 97.6% within 20 working days.
Statistics New Zealand meshblock edits completed. Standard: 90% within 10 working days.	Performance for the year ended 30 June 2010 was 99.6% within 10 working days.
Territorial authority data supplies (roads or addresses) completed: <ul style="list-style-type: none"> • 1–50 edits. • 50–500 edits. • 500 or more edits. Standard: 90% within: <ul style="list-style-type: none"> • 1–50 edits, 10 working days • 50–500 edits, 20 working days, or • 500 or more edits, by negotiation. 	Performance for the year ended 30 June 2010 was achieved in each category: <ul style="list-style-type: none"> • 1–50 edits: 99.5% within 10 working days. • 50–500 edits: 94.3% within 20 working days. • 500 edits or more: 100% within negotiated timeframe.

⁶³ The move to 100% e-lodgement resulted in planned office closures in Wellington, Dunedin and Auckland. Smart Processing is a transition project to manage the change, including staff relocation, redundancies, office closures, and the development of processing capability and capacity in the remaining offices of Hamilton and Christchurch.

⁶⁴ For this measure, the audit programme is agreed and reviewed based on risk-based methodology.

Financial performance

Output – Land and Seabed Data Capture and Processing

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
17,583	Revenue Crown	15,270	15,445
25,923	Revenue other	25,466	23,764
43,503	Total revenue	40,736	39,209
45,984	Total expenses	36,714	39,799
(2,478)	Net surplus/(deficit)	4,022	(590)

OUTPUT CLASS – LAND AND SEABED INFORMATION ACCESS AND DISSEMINATION

This appropriation involves the provision of access to, and dissemination of, information held by LINZ.

There is one output in this output class:

- (i) Provision of Access to Information and Services.

Output – Provision of Access to Information and Services

This output provides for access to LINZ's authoritative land information. This output is key to the achievement of the outcome, Authoritative land information, in particular the intermediate outcome of 'access'. Additionally, through supporting land development, it contributes to the outcome, Build and maintain certainty of property rights.

Products delivered under this output have expanded from paper-based to include more versatile digital formats. This enables the wider application of the information and contributes to the outcome, Available, accessible and shared geospatial information.

LINZ enables customers to access information in the most appropriate manner for them:

Land title, and cadastral and geodetic information

- cadastral survey or land title information for surveyors, conveyancing practitioners, other land professionals or any member of the public. This information is requested via Landonline (if licensed), otherwise through a request to LINZ. Access to the information is provided via Landonline, email or on paper as appropriate
- extracts of bulk raw data under supply agreement for customers via DVD, and
- PositionNZ network and required software for surveyors and geospatial information specialists via the internet and GPS receivers.

Topographic information

- paper maps for retailers, and defence and emergency services. These maps are 1:50,000 and 1:250,000 scale and derived from the digital topographic system. LINZ released a complete new series of these maps in September 2009
- digital formats and raster maps, which people can access online, and
- bulk raw data under supply agreement for geospatial information specialists via DVD.

Hydrographic information

- paper navigation charts for retailers, and defence and emergency services. These charts are also available in a scanned format via the internet
- digital formats with raster navigational charts via the internet and Electronic Navigational Charts (ENCs) through retailers
- other navigational information required for safety at sea, such as the annual and fortnightly Notices to Mariners, the annual Nautical Almanac, and tidal information via electronic and paper formats, and
- sea level information for GNS Science and the Ministry of Civil Defence and Emergency Management via the automatic monitoring system.

Output – Provision of Access to Information and Services

Performance measure	Performance
Land title, cadastral and geodetic survey information	
Quantity	
Title records supplied. Standard: Annual target 2,500,000 (est) (Annual range 2,125,000–2,875,000)	3,037,310 title records were supplied for the year ended 30 June 2010. The target and range are established through market forecasting, with LINZ capability set accordingly. The higher-than-expected volume is a result of market activity and this was managed internally, which has affected the timeliness measure for 4 months of the year.
Survey records supplied. Standard: Annual target 180,000 (est) (Annual range 128,500–231,500)	160,325 survey records were supplied for the year ended 30 June 2010.
Landonline system is available ⁶⁵ between: <ul style="list-style-type: none"> • 7am and 9pm Monday to Thursday • 7am and 7pm Friday,⁶⁶ and • 9am and 5pm Saturday. Standard: 99.5%	The Landonline system was available for 99.35% of the time required for access. The marginal failure was due to: <ul style="list-style-type: none"> • A 3-day outage in October 2009 that negatively affected the year-end result. The cause of this outage was identified and fixed. • Less serious outages in April 2010 and May 2010 that were caused by separate database failures. The cause of these is now known and remedial action has been directed with implementation due in September/October 2010.
Quality	
Rating achieved in the quality category of monthly surveys of randomly selected survey and conveyancing practitioner customers. ⁶⁷ Standard: Average rating of 'good' or better.	The standard of 'good' was achieved in relation to survey customers. The standard of 'very good' was achieved in relation to titles customers.
Timeliness	
Timeframe for paper records to be made available to customers. Standard: 90% within 2 working days	Performance for the year ended 30 June 2010 was 91.1%. However, the standard was only met for 8 of the 12 months. The failure to meet the standard in 4 months was a result of increased volumes of market activity. The high performance in other months compensated to give the positive overall result.
Topographic and hydrographic information (maps, charts and information)	
Quality	
Topographic map sheets printed. ⁶⁸ Standard: Annual target 463 (est) (Annual range 417–509)	482 topographic map sheets were printed for the year ended 30 June 2010.
Hydrographic charts printed: <ul style="list-style-type: none"> • New paper charts printed. Standard: Annual target 16 (est) (Annual range 14–18) • Paper charts reprinted. Standard: Annual target 55 (est) (Annual range 49–61) • Electronic Navigational Charts (ENCs) released. Standard: Annual target 40 (est) (Annual range 36–44) 	13 new paper charts were printed for the year ended 30 June 2010. 1 new chart was withdrawn in June 2010 due to data accuracy issues. Further analysis and investigation is required to complete this chart. 62 paper charts were reprinted for the year ended 30 June 2010. 40 ENCs were released for the year ended 30 June 2010.

⁶⁵ This excludes those days from Monday to Saturday that are designated as non-working days.

⁶⁶ Registration hours for the land title registration system are Monday to Friday 9am to 4pm.

⁶⁷ 'Made available' may include allowing viewing of large historic documents, while other records may be scanned and emailed.

⁶⁸ For 2009/10, this measure reflects the introduction of the new map series. Outyear figures will be considerably less.

Performance measure	Performance
Quality	
ENCs accepted by International Hydrographic Office (IHO). Standard: 100%	All ENCs were accepted by the IHO. This reflects a 100% standard being achieved for the year ended 30 June 2010.
Timeliness	
Topographic maps/hydrographic charts dispatched to the retailer after order received. Standard: Within 2 working days.	All topographic maps and hydrographic charts were dispatched to the retailer within the required timeframe. This reflects 100% achievement of the 2 working day delivery timeframe.

Financial performance

Output Class – Land and Seabed Information Access and Dissemination

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
968	Revenue Crown	1,301	1,366
8,862	Revenue other	8,894	9,907
9,830	Total revenue	10,195	11,273
5,050	Total expenses	4,652	5,362
4,780	Net surplus/(deficit)	5,543	5,911

OUTPUT CLASS – LAND AND SEABED INFORMATION STORAGE AND MANAGEMENT

This appropriation involves ensuring the security and management of LINZ's databases and systems for land information are managed effectively and efficiently.

There are two outputs in this output class:

- (i) Ongoing Maintenance of an Information Systems Infrastructure that Protects the Integrity and Security of Authoritative Databases.
- (ii) Information Systems Development.

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

This output ensures the ongoing maintenance of an information systems infrastructure protecting the integrity and security of LINZ's authoritative databases (including the land rights register, the geodetic and cadastral survey reference system, topographic, hydrographic and Crown land databases, and the electoral spatial reference dataset).

It includes database management, disaster recovery systems, protection of intellectual property rights, and protection against physical damage, corruption, illegal alteration, deterioration and obsolescence.

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

Performance measure	Performance
Quantity	
IT infrastructure future-proofed to maintain system availability and sustainability.	A continuing programme of maintaining IT infrastructure is in place and being actioned to ensure system availability and sustainability.
Standard: Architectural principles maintained and communicated at least annually.	Processes to assist with service delivery improvement have been identified and implemented across 14 core processes.
	Work continues on updating disaster recovery plans for corporate systems to ensure appropriate processes are in place.
Quality	
Enterprise architecture components, including architecture principles, reviewed based on project change and in line with business planning process to ensure ongoing alignment with LINZ's strategic direction.	Review of enterprise architecture components and principles is ongoing, in conjunction with completion of projects. All designs are subject to architectural approval.
Standard: IT architecture standards reviewed at least annually to ensure alignment with e-GIF ⁶⁹ and other international standards.	
Timeliness	
IT infrastructure maintained to ensure it is available to the business systems that utilise it.	All IT infrastructure is being managed in accordance with LINZ policies and standards. Service levels have been met during the year for the business systems, with the exception of a marginal shortfall in meeting our service levels (0.05%) for Landonline availability.
Standard: Service level agreements for the business systems met each month.	

⁶⁹ e-GIF is a collection of policies and standards endorsed for New Zealand government information technology systems to enable interoperability. A metadata standard outlines the minimum information about a geospatial dataset to make it more accessible and shareable.

Output – Information Systems Development

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

Output – Information Systems Development

Performance measure	Performance
Quantity	
Projects as determined by the LINZ strategic project approval process and aligned with the Government's objectives and funding priorities.	All projects identified as strategic were processed in accordance with LINZ project approval process.
Standard: All projects approved in accordance with the project governance process.	During the year ended 30 June 2010, the LINZ project approval process underwent a review. This activity continues in 2010/11 with further refinement to project approval and governance processes.
Quality	
Standards to which projects will be managed.	All projects have been managed in accordance with the relevant project plan and the current LINZ project management framework.
Standard: To the quality standards defined in the relevant project plan, and in accordance with the LINZ project management framework, which includes: <ul style="list-style-type: none"> • risk management • robust governance arrangements, and • evaluation and review. 	
Standards to which system developments and enhancements will be managed.	All projects that require IT development have been managed in accordance with the LINZ System Development Life Cycle.
Standard: In accordance with the LINZ System Development Life Cycle.	
Timeliness	
Timelines to which projects will be managed.	All projects are being managed within their approved timelines.
Standard: As set in the project plan for each project.	

Financial performance

Output Class – Land and Seabed Information Storage and Management

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
3,949	Revenue Crown	93	2,275
1,245	Revenue other	1,473	1,192
5,194	Total revenue	1,566	3,467
28,801	Total expenses	21,425	22,732
(23,607)	Net surplus/(deficit)	(19,859)	(19,265)

OUTPUT CLASS – OCEANS SURVEY 20/20 PROGRAMME

This appropriation is limited to the undertaking of initiatives within the Oceans Survey 20/20 Programme.

There is one output in this output class:

(i) Oceans Survey 20/20.

Output – Oceans Survey 20/20

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

In 2009/10 this focused on mapping seabed habitats and biodiversity in the Bay of Islands.

Output – Oceans Survey 20/20

Performance measure	Performance
Quantity	
All survey projects will be carried out with specific performance measures and standards to be specified in a contract between LINZ as the coordinating agency and the lead agency for each project.	Survey contracts have been agreed with the National Institute of Water and Atmospheric Research (NIWA).
Standard: Phase 2 survey completed.	Specific performance measures and milestones are incorporated in contracts.
Quality	
A survey programme agreed by key stakeholders completed in accordance with the timeframes and standards set out in the contract between LINZ and NIWA.	Survey programme was agreed with key stakeholders and included in the NIWA contract.
Standard: Standards and specifications met.	A contract was agreed and signed by NIWA.
Timeliness	
Key dates achieved.	All milestones to date have been met.
Standard: 100%	Key achievements were: <ul style="list-style-type: none"> • offshore survey by RV <i>Tangaroa</i> completed • public consultation on inshore survey completed • inshore survey – Waikare: Zone 1 completed • inshore/offshore survey – Kaharoa: Zones 1 and 2 completed • data processing completed • draft report completed, and • final report – to be released via a web portal.

Financial performance

Output Class – Oceans Survey 20/20 Programme

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
4,518	Revenue Crown	7,776	7,809
4,518	Total revenue	7,776	7,809
4,518	Total expenses	7,776	7,809
–	Net surplus/(deficit)	–	–

OUTPUT CLASS – POLICY ADVICE

This appropriation includes the provision of policy advice to the Government and to the Minister for Land Information relating to land, property and seabed information, as well as the provision of Ministerial support. This output class contributes to all LINZ outcome areas.

There are two outputs in this output class:

- (i) Policy Development and Ministerial Servicing.
- (ii) Sector Leadership.

Output – Policy Development and Ministerial Servicing

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

- replies to Ministerial correspondence and responses to Parliamentary questions, and
- the production of LINZ's accountability documents (Estimates, Statement of Intent, Annual Report and Output Plan).

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

The focus of this activity area in 2009/10 included:

- developing and implementing the Government's South Island high country policy including:
 - developing a clear overarching set of policy objectives
 - promoting good-faith relationships between the Government and lessees, and
 - developing earning capacity based rents
- progressing the review of the Land Transfer Act 1952 to modernise and simplify the current legislation
- contributing to a review of the Overseas Investment Act 2005 and associated regulations to encourage and promote the flow of overseas investment into New Zealand, while addressing valid concerns about foreign investment
- amending fees regulations to ensure fees are set at a level that recovers the costs of providing LINZ services and products
- reviewing the Land of Potential Interest disposal process, and
- contributing to the progression and implementation of the settlement of Treaty of Waitangi claims.

Output – Policy Development and Ministerial Servicing

Performance measure	Performance
Quantity	
Provision of Ministerial support services as required, including policy briefings, draft replies for letters to the Minister (including responses to Official Information Act requests) and draft responses to Parliamentary questions. Standard: Annual target 300 (Annual range 250–350)	For the year ended 30 June 2010, we: <ul style="list-style-type: none">• processed 105 Ministerials• drafted responses to 179 Official Information Act requests, and• provided draft responses to 46 written and 1 oral Parliamentary questions.
Quality	
A proportion of draft Cabinet papers accepted by the Minister without substantive amendment to the underlying policy (excluding minor editorial or style changes). Standard: 95%	For the year ended 30 June 2010, all 12 Cabinet papers were accepted by the Minister. All papers were accepted without substantive amendment to the underlying policy.
A proportion of draft responses to Ministerials accepted by the Minister without substantive amendment to the underlying policy (excluding minor editorial or style changes). Standard: 95%	For the year ended 30 June 2010, all 105 Ministerials were accepted by the Minister without substantive amendment and none were returned with amendments.
LINZ's accountability documents (Estimates, Statement of Intent, Annual Report and Output Plan) meet good practice guidelines. Standard: 100%	The LINZ 2008/09 Annual Report and the LINZ 2010–2013 Statement of Intent were completed on time and to legislative requirements.

Performance measure	Performance
Timeliness	
All policy advice delivered to specified deadlines agreed with the Minister (including any agreed extensions). Standard: 100%	For the year ended 30 June 2010, all agreed timeframes were met.
Provision of draft responses to Ministerial correspondence within 10 working days or by a date agreed with the Minister's office. Standard: 100%	All draft responses were provided to the Minister's office within 10 working days or the date agreed.
Provision of draft responses to Parliamentary questions within deadline. Standard: 100%	All responses to Parliamentary questions were delivered within the timeframe.

Output – Sector Leadership

This output involves LINZ's role in leading the New Zealand Geospatial Strategy. The focus of this activity area in 2009/10 included:

- supporting and enhancing the governance structures that underpin the strategy
- managing the all-of-government work programme to implement the strategy, and
- delivering projects on the work programme, where LINZ is the nominated lead.

In 2009/10, project work included:

- overseeing changes to government's role in geospatial standards
- raising awareness of the value of geospatial information to the New Zealand economy, including the possible gains to productivity and innovation from interventions in the area of information access and use
- planning a shared technical infrastructure that allows geospatial data to be exchanged effectively online, and
- advising what geospatial data should be maintained by government, and investigating possible changes to pricing and licensing arrangements for geospatial data, in line with emerging State Services Commission guidelines.

Output – Sector Leadership

Performance measure	Performance
Quality	
Governance and project activity undertaken in accordance with an agreed monitoring and evaluation framework. Standard: 100%	Activity has commenced in accordance with the monitoring and evaluation framework as it has existed to date. A formal performance evaluation and evaluation framework was established in June 2010 and will serve as input for activities in the future.
Projects in the work programme under the New Zealand Geospatial Strategy delivered in accordance with project plans. Standard: 95% as determined by the Geospatial Steering Committee	All completed projects in the strategy work programme were delivered in accordance with project plans. The Geospatial Steering Committee was not in existence to review work programme project delivery compliance.
Timeliness	
LINZ delivers specific projects in the work programme under the strategy in accordance with timeframes approved by the Geospatial Steering Committee. Standard: 100%	All completed strategy projects were delivered in accordance with timeframes. The Geospatial Steering Committee was not in existence to review project timeframe compliance.

Financial performance

Output Class – Policy Advice

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
2,803	Revenue Crown	1,977	2,034
–	Revenue other	–	43
2,803	Total revenue	1,977	2,077
2,772	Total expenses	1,977	2,059
31	Net surplus/(deficit)	–	18

OUTPUT CLASS – STANDARDS AND QUALITY ASSURANCE

This appropriation involves ensuring the regulatory frameworks that create and protect property rights, and safeguard the public interest in Crown property management, rating valuations and land information that LINZ is responsible for, are managed effectively, and that delivery against the frameworks is quality assured.

There is one output in this output class:

- (i) Regulatory Intervention.

Output – Regulatory Intervention

Under this output, LINZ manages the risk to the property rights framework, by regulating in specific areas where LINZ administers property-related legislation. The specific areas of risk management are land titles, geodetic and cadastral survey, rating valuations, and Crown property.

The regulators and associated functions in this area include statutory officers (the Registrar-General of Land, the Surveyor-General, the Valuer-General and the Commissioner of Crown Lands) and the Valuers Registration Board.

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

Regulators are involved in regulating for the performance of work activity within LINZ and externally, such as surveyors and conveyancing professionals.

Tools used by regulators when intervention is required include standards, guidelines and education material.

The development of interventions includes:

- planned work, such as the regular reviews of existing interventions, and
- priority work that arises from legislation activity, for example Treaty of Waitangi claim settlements.

As part of the assurance that risk management is achieving the desired outcomes, regulators in LINZ rely on a regulatory audit plan undertaken by the LINZ assurance group, or Business and Regulatory Assurance (BARA). BARA completes the annual audit programme, monitoring compliance and reporting back to the regulators.

Output – Regulatory Intervention

Performance measure	Performance
Quantity	
Number of planned regulatory interventions completed. Standard: Annual target 19 (est) (Annual range 11–27)	A total of 16 planned interventions were completed for the year ended 30 June 2010.
Number of priority regulatory interventions, arising from legislation or other environmental factors, completed. Standard: Annual target 5 (est) (Annual range 2–8)	A total of 22 priority interventions were completed for the year ended 30 June 2010. The additional volume over the annual range for priority interventions is due to a number of one-off rulings to support the implementation of the 2010 Rules for Cadastral Survey that replaced the 2002 Rules.
Quality	
Regulatory interventions will be in accordance with the LINZ regulatory framework. Standard: 100%	38 regulatory interventions were actioned throughout the year ended 30 June 2010. 100% of interventions were undertaken in accordance with the LINZ regulatory framework.
Assurance will be made in accordance with good practice assurance methodologies. Standard: 100%	Assurance has been given in accordance with good practice assurance methodologies. The regulators have received the 2009/10 Business and Regulatory Assurance audit opinion from the internal auditors and they agree with the contents of the document.
Timeliness	
Planned regulatory interventions will be completed in accordance with LINZ's regulatory frameworks. Standard: 95%	All (100%) planned regulatory interventions were completed in accordance with LINZ's regulatory frameworks.

Financial performance

Output Class – Standards and Quality Assurance

Actual 2009 \$000		Actual 2010 \$000	Voted 2010 \$000
4,023	Revenue Crown	971	1,595
1,653	Revenue other	1,166	1,639
5,676	Total revenue	2,137	3,234
7,301	Total expenses	6,204	6,968
(1,625)	Net surplus/(deficit)	(4,067)	(3,734)

NON-DEPARTMENTAL OUTPUT CLASS

Output – Contaminated Sites

The objective of this appropriation is to:

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

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

Non-Departmental Output Class – Contaminated Sites

Performance measure	Progress (year to date)
Outputs delivered according to contracts with the providers.	Further investigation and analysis continued on 1 site in accordance with the contract. Monitoring and reporting commenced on 3 sites in accordance with the contract. Monitoring and reporting completed for 1 site in accordance with the contract.

3. Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

Actual 2009 \$000		Note	Actual 2010 \$000	Main Estimates (note 2) 2010 \$000	Supplementary Estimates (note 2) 2010 \$000
Income					
52,021	Revenue Crown	3	46,157	54,708	52,304
39,878	Revenue other	3	39,906	50,793	40,084
17	Net gain on disposal of property, plant and equipment		-	-	1
91,916	Total income		86,063	105,501	92,389
Expenditure					
42,863	Personnel costs	4	38,265	43,895	41,247
7,670	Depreciation and amortisation	9, 10	5,761	6,047	6,052
2,943	Capital charge	5	2,756	2,956	2,924
3,650	Restructuring costs		461	-	-
58,336	Other operating expenses	6	53,527	66,601	58,994
115,462	Total expenditure		100,770	119,499	109,217
(23,546)	Net surplus/(deficit) and total comprehensive income		(14,707)	(13,998)	(16,828)

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

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

Actual 2009 \$000		Note	Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Assets					
Current assets					
1,830	Cash and cash equivalents		2,959	2,046	8,448
7,227	Trade and other receivables	7	5,555	6,529	8,485
991	Prepayments		889	1,245	1,677
-	Inventory	8	1,344	-	1,073
10,048	Total current assets		10,747	9,820	19,683
Non-current assets					
43,782	Intangibles – software	10	39,357	43,618	41,630
885	Capital work in progress	11	1,428	-	-
44,667	Total intangibles – software		40,785	43,618	41,630
5,250	Property, plant and equipment	9	5,178	5,161	4,842
49,917	Total non-current assets		45,963	48,779	46,472
59,965	Total assets		56,710	58,599	66,155
Liabilities					
Current liabilities					
9,236	Trade and other payables	12	7,710	10,438	11,591
4,525	Provisions	13	2,869	3,615	3,679
4,921	Employee entitlements	14	4,407	1,969	4,930
64	Deferred revenue		281	100	64
18,746	Total current liabilities		15,267	16,122	20,264
Non-current liabilities					
4,473	Employee entitlements	14	3,093	4,700	4,473
4,473	Total non-current liabilities		3,093	4,700	4,473
23,219	Total liabilities		18,360	20,822	24,737
36,746	Net assets		38,350	37,777	41,418
Taxpayers' funds					
36,746	General funds	15	38,350	37,777	41,418
36,746	Total taxpayers' funds		38,350	37,777	41,418

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

STATEMENT OF CHANGES IN TAXPAYERS' FUNDS

For the year ended 30 June 2010

Actual 2009 \$000		Note	Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
39,238	Balance as at 1 July		36,746	37,777	36,746
(23,546)	Total comprehensive income		(14,707)	(13,998)	(16,828)
21,054	Capital injections		16,333	13,998	21,500
-	Other movements		(22)	-	-
36,746	Balance as at 30 June	15	38,350	37,777	41,418

STATEMENT OF CASHFLOWS

For the year ended 30 June 2010

Actual 2009 \$000		Note	Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Cashflows from operating activities					
54,641	Receipts from Crown		48,588	56,356	52,304
2,929	Receipts from other departments		1,913	1,652	3,067
36,793	Receipts from revenue other		37,054	49,344	35,691
(64,973)	Payments to operating suppliers		(59,770)	(69,496)	(58,052)
(43,053)	Payments to employees		(38,450)	(43,895)	(42,435)
(2,943)	Payments for capital charge		(2,716)	(2,956)	(2,924)
400	Goods and services tax (net)		271	-	75
(16,206)	Net cashflows from operating activities	16	(13,110)	(8,995)	(12,274)
Cashflows from investing activities					
59	Receipts from sale of property, plant and equipment		22	-	-
(2,161)	Purchase of property, plant and equipment		(1,365)	(4,302)	(921)
(1,215)	Purchase of intangible assets		(751)	-	(1,687)
(3,317)	Net cashflows from investing activities		(2,094)	(4,302)	(2,608)
Cashflows from financing activities					
21,054	Capital contribution		16,333	13,998	21,500
21,054	Net cashflows from financing activities		16,333	13,998	21,500
1,531	Net increase/(decrease) in cash and cash equivalents		1,129	701	6,618
299	Cash and cash equivalents at the beginning of the year		1,830	1,345	1,830
1,830	Cash at the end of the year		2,959	2,046	8,448

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

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

STATEMENT OF COMMITMENTS

As at 30 June 2010

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment, and intangible assets that have not been paid for or recognised as a liability at the balance sheet date. As at 30 June 2010, there were no capital commitments (2009: nil).

Non-cancellable operating lease commitments

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

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

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

During the year ended 30 June 2010, \$4.894 million was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2009: \$4.810 million). \$0.760 million was recognised as income in the Statement of Comprehensive Income in respect of subleases (2009: \$0.928 million).

Other non-cancellable commitments

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

Actual 2009 \$000		Actual 2010 \$000
Non-cancellable operating lease commitments		
4,327	Not later than 1 year	3,023
5,900	Later than 1 year and not later than 5 years	2,914
10,227	Total non-cancellable operating lease commitments	5,937
Other non-cancellable commitments		
15,453	Not later than 1 year	11,796
19,108	Later than 1 year and not later than 5 years	9,728
-	Later than 5 years	335
34,561	Total other non-cancellable lease commitments	21,859
44,788	Total commitments	27,796

STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2010

Quantifiable contingent liabilities

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

Actual 2009 \$000		Actual 2010 \$000
3,870	Legal proceedings and disputes	5,805
3,870	Total contingent liabilities	5,805

Legal proceedings and disputes

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

Contingent assets

LINZ has no contingent assets (2009: nil).

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

STATEMENT OF DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS

For the year ended 30 June 2010

Expenditure actual 2009 \$000		Expenditure actual 2010 \$000	Appropriations voted* 2010 \$000	Variance favourable/ (unfavourable) \$000
	Appropriations for output expenses			
2,772	Policy Advice	1,977	2,059	82
7,301	Standards and Quality Assurance	6,204	6,968	764
45,984	Land and Seabed Data Capture and Processing	36,714	39,799	3,084
28,801	Land and Seabed Information Storage and Management	21,425	22,732	1,307
5,050	Land and Seabed Information Access and Dissemination	4,652	5,362	710
18,012	Crown Property Management and Disposal Services	18,338	20,285	1,947
4,518	Oceans Survey 20/20 Programme	7,776	7,809	33
560	Administration of the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008	1,283	1,621	338
2,464	Administration of the Overseas Investment Act 2005	2,401	2,582	181
115,462	Total appropriations for output expenses	100,770	109,217	8,446
	Appropriations for capital expenditure			
3,376	Capital expenditure	2,608	3,934	1,326
3,376	Total appropriations for capital expenditure	2,608	3,934	1,326

* Includes adjustments made in the Supplementary Estimates.

STATEMENT OF DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE

For the year ended 30 June 2010

Unappropriated expenditure 2009 \$000		Expenditure actual 2010 \$000	Appropriations voted 2010 \$000	Variance favourable/ (unfavourable) \$000
	Appropriations for output expenses			
670	Land and Seabed Data Capture and Processing	-	-	-
670	Total appropriations for output expenses	-	-	-

Vote Lands

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

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

Accordingly, a portion of the 2009/10 work programme was completed and costs expensed in the 2008/09 financial year. This has resulted in the output class exceeding appropriation in 2008/09.

The resulting unappropriated expenditure of \$0.670 million in the 2008/09 year was validated under section 26C of the Public Finance Act.

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

NOTES TO THE DEPARTMENTAL FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

LINZ reports on the Crown activities and Trust monies it administers.

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

These financial statements of LINZ are for the year ended 30 June 2010. The financial statements were authorised for issue by the chief executive on 30 September 2010.

Basis of preparation

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

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

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

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

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

Changes in accounting policies

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

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

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004). The revised NZ IAS 1 requires information in the financial statements to be aggregated on the basis of shared characteristics and introduces a Statement of Comprehensive Income. The Statement of Comprehensive Income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. LINZ has opted to prepare a single Statement of Comprehensive Income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the Statement of Comprehensive Income were previously recognised directly in the Statement of Changes in Equity.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used, and requires the maturity analysis of derivative liabilities to be presented separately from non-derivative financial liability contractual maturity analysis. LINZ has no derivative liabilities or financial instruments carried at fair value, therefore these amendments do not impact these financial statements.

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

- NZ IAS 24 Related Party Disclosures (revised 2009) replaces NZ IAS 24 Related Party Disclosures (issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:
 - i. Removes the previous disclosure concessions applied by LINZ for arm's-length transactions between LINZ and entities controlled or significantly influenced by the Crown.
 - ii. Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister related to Land Information New Zealand, LINZ will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
 - iii. Clarifies that related party transactions include commitments with related parties.

LINZ expects it will early adopt the revised standard for the year ended 30 June 2011.

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

Revenue

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

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

Capital charge

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

Borrowing costs

LINZ has deferred the adoption of NZ IAS 23 Borrowing Costs (revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Operating leases

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

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

Surplus leased accommodation

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

Financial instruments

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

Cash and cash equivalents

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

Trade and other receivables

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

Foreign currency transactions

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

Inventories

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

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

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

Property, plant and equipment

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

Additions

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

Disposals

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

Subsequent costs

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

Depreciation

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

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

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

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

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

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

Capital work in progress

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

Amortisation

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

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

Impairment of non-financial assets

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

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

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

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

Trade and other payables

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

Employee entitlements

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

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

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

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

	2009	2010
Long-term discount rate	5.96%	6.00%
Salary inflation rate	3.50%	3.50%

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Taxpayers' funds

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

Commitments

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

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

Budget figures

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

Income tax

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

Goods and services tax (GST)

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

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

The net GST paid to, or received from, IR, including the GST relating to investing and financing activities, is classified as an operating cashflow in the Statement of Cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Statement of cost accounting policies

LINZ has determined the cost of outputs using the cost allocation system outlined below:

- Costs that are directly related to an output are allocated directly to that output.
- Costs that are not directly related to a single output fall into two categories.
 - 1) overhead costs that cannot be directly attributed to the production of outputs are allocated to Direct Cost Producing Cost Centres (DOPCC)
 - 2) costs that partially relate to the production of outputs are those incurred from DOPCC that are not sufficiently direct to allocate directly.

Cost drivers such as Full Time Equivalent (FTE), and floor usage were used when allocating costs in both of the above instances.

LINZ revised its cost allocation calculations during the 2009/10 financial year.

Critical accounting estimates and assumptions

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

Retirement, sick and long-service leave

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

Reinstatement provision

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

Severance provision

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

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

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

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

LINZ has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 9 and intangible assets in note 10.

2. BUDGET COMPOSITION

	2010 Main Estimates \$000	2010 Supplementary Estimates changes \$000	2010 Budget total \$000
Income			
Revenue Crown	54,708	(2,404)	52,304
Revenue other	50,793	(10,708)	40,085
Total income	105,501	(13,112)	92,389
Expenditure			
Depreciation and amortisation	6,047	5	6,052
Capital charge	2,956	(32)	2,924
Restructuring costs	-	-	-
Other operating expenses	110,496	(10,255)	100,241
Total expenditure	119,499	(10,282)	109,217
Net surplus/(deficit)	(13,998)	(2,830)	(16,828)

Explanations of major changes in the Supplementary Estimates:

Revenue Crown

Revenue Crown decreased in line with a decrease of Crown-funded expenses.

Revenue other

Revenue other was reforecast based on an updated estimate of transaction volumes; the decrease in transaction volumes is directly correlated to the suppressed property market.

Other operating expenditure

Other operating expenses were reassessed and reduced due to an underspend in funds for programmes. These expenditures have been approved to carry forward to the 2010/11 financial year. The largest carry-forward is \$7 million; this is in relation to the Transpower project. In addition, \$2 million was re-prioritised from a variety of sources and carried forward to future years in order to meet expected cost pressures, mainly in the Crown Property Management and Disposal Services output class.

3. REVENUE

Actual 2009 \$000		Actual 2010 \$000
Crown revenue		
2,803	Crown – Policy Advice	1,977
4,023	Crown – Standards and Quality Assurance	971
17,583	Crown – Land and Seabed Data Capture and Processing	15,270
3,949	Crown – Land and Seabed Information Storage and Management	93
968	Crown – Land and Seabed Information Access and Dissemination	1,301
4,518	Crown – Oceans Survey 20/20 Programme	7,776
17,632	Crown – Property Management and Disposal Services	17,486
545	Crown – New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008	1,283
52,021	Total Crown revenue	46,157
Other revenue		
352	Crown property sale fees	873
87	Electoral support services	73
1,175	Licence and sign-up fees	1,394
1,278	Miscellaneous	1,239
1,082	Overseas Investment Office applications	1,907
1,754	Rating valuation audit charge	1,520
8,894	Search fees	8,955
928	Sub-leased revenue	760
4,222	Survey fees	3,921
20,106	Titles fees	19,264
39,878	Total other revenue	39,906

4. PERSONNEL COSTS

Actual 2009 \$000		Actual 2010 \$000
39,743	Salaries and wages	37,779
1,542	Contract employees	448
260	ACC levies	206
1,057	Contributions to defined contribution plans	1,045
261	Increase/(decrease) in employee entitlements	(1,213)
42,863	Total personnel costs	38,265

5. CAPITAL CHARGE

LINZ 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 2010 is 7.5% (2009: 7.5%). Changes to taxpayers' funds are mainly affected by capital contribution required for specific outputs. Where the capital charge can be directly attributed to an output, that amount is charged to that output. The remainder is allocated based on the percentage of net property, plant and equipment attributed to outputs, as a proxy for allocating capital charge.

6. OTHER OPERATING EXPENSES

Actual 2009 \$000		Actual 2010 \$000
191	Fees to auditors: Audit fees for the financial statement audit	211
4,810	Leasing and renting costs	4,894
8,368	Other operating costs	7,918
-	Net loss on disposal of property, plant and equipment	88
26	Provision for doubtful debts	2
10,987	Professional services	7,815
13,066	Contracts for topography/hydrography	11,390
10,771	Computer operating costs	11,420
10,117	Crown property services	9,789
58,336	Total other operating expenses	53,527

7. TRADE AND OTHER RECEIVABLES

Actual 2009 \$000		Actual 2010 \$000
4,142	Debtors to non-related parties	4,888
(47)	Less: provision for doubtful debts	(34)
4,095	Net debtors	4,854
3,132	Monies receivable from the Crown	701
7,227	Total trade and other receivables	5,555

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

Those specific debtors that are insolvent are fully provided for. As at 30 June 2010, LINZ has identified no debtors that are insolvent (2009: nil).

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

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

Actual 2009 \$000		Actual 2010 \$000
26	Balance as at 1 July	47
26	Additional provisions made during the year (see note 6)	2
(5)	Receivables written off during the period	(15)
47	Balance as at 30 June	34

As at 30 June 2010 and 2009, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2009			2010		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	3,518	-	3,518	4,186	-	4,186
Past due 1–30 days	273	-	273	285	-	285
Past due 31–60 days	109	-	109	229	-	229
Past due 61–90 days	64	-	64	85	-	85
Past due >90 days	178	(47)	131	103	(34)	69
Total	4,142	(47)	4,095	4,888	(34)	4,854

8. INVENTORY

	Actual 2009 \$000	Actual 2010 \$000
- Stock held for sale		1,339
- Work in progress		5
- Total inventory		1,344

The carrying amount of inventory held for distribution that is carried at current replacement costs as at 30 June 2010 is nil (2009: nil).

The write-down of inventory held for distribution amounted to \$0.012 million (2009: nil). There have been no reversals of write-downs.

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

No inventory has been pledged as security for liabilities (2009: nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$000	Motor vehicles \$000	Computer hardware \$000	Plant and equipment \$000	Furniture and fittings \$000	Total \$000
Cost						
Balance as at 1 July 2008	5,152	252	7,967	655	1,078	15,104
Additions	181	-	1,969	6	5	2,161
Disposals	-	(137)	(287)	(43)	-	(467)
Balance as at 30 June 2009	5,333	115	9,649	618	1,083	16,798
Balance as at 1 July 2009	5,333	115	9,649	618	1,083	16,798
Additions	534	-	829	-	-	1,363
Disposals	(592)	(26)	(925)	(354)	(492)	(2,389)
Balance as at 30 June 2010	5,275	89	9,553	264	591	15,772
Accumulated depreciation and impairment losses						
Balance as at 1 July 2008	4,668	191	4,317	620	945	10,741
Depreciation charge for the year	206	14	948	12	52	1,232
Eliminate on disposal	-	(98)	(284)	(43)	-	(425)
Balance as at 30 June 2009	4,874	107	4,981	589	997	11,548
Balance as at 1 July 2009	4,874	107	4,981	589	997	11,548
Depreciation charge for the year	253	5	1,003	11	52	1,324
Eliminate on disposal	(567)	(26)	(844)	(355)	(486)	(2,278)
Balance as at 30 June 2010	4,560	86	5,140	245	563	10,594
Carrying amounts						
As at 1 July 2008	484	61	3,650	35	133	4,363
As at 30 June 2008 and 1 July 2009	459	8	4,668	29	86	5,250
As at 30 June 2010	715	3	4,413	19	28	5,178

Impairment

There has been no impairment to property, plant and equipment during the financial year (2009: nil).

10. INTANGIBLES – ACQUIRED SOFTWARE ASSETS

Actual 2009 \$000	Cost	Actual 2010 \$000
101,014	Balance as at 1 July	103,664
2,999	Additions	223
(349)	Disposal	(211)
103,664	Balance as at 30 June	103,676
Amortisation and impairment losses		
53,792	Balance as at 1 July	59,882
6,438	Amortisation expense	4,437
(348)	Eliminate on disposal	-
59,882	Balance as at 30 June	64,319
43,782	Total acquired software	39,357
Carrying amounts		
	As at 1 July 2008	47,222
	As at 30 June and 1 July 2009	43,782
	As at 30 June 2010	39,357

Databases

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

Details of material intangible assets are as follows:

Carrying amount 2009 \$000	Remaining amortisation period		Carrying amount 2010 \$000	Remaining amortisation period
41,216	Between 1 and 15 years*	Landonline	38,074	Between 1 and 14 years*

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

11. CAPITAL WORK IN PROGRESS

Actual 2009 \$000		Actual 2010 \$000
2,668	Balance as at 1 July	885
262	Additions	1,587
(2,045)	Work in progress capitalised to intangible assets	-
-	Work in progress capitalised to property, plant and equipment	(834)
-	Write-offs	(210)
885	Balance as at 30 June	1,428

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

12. TRADE AND OTHER PAYABLES

Actual 2009 \$000		Actual 2010 \$000
8,448	Creditors and accrued expenses	6,672
258	ACC levy payable	232
530	GST, FBT and PAYE payable	766
-	Creditor Crown	40
9,236	Total trade and other payables	7,710

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

13. PROVISIONS

	Actual 2009 \$000		Actual 2010 \$000
50	Surplus leased accommodation		-
453	Reinstatement provision		796
4,022	Severance/restructure provision		2,073
4,525	Total provisions		2,869

	Surplus leased accommodation \$000	Reinstatement provision \$000	Severance provision \$000	Total \$000
2009				
Balance as at 1 July 2008	108	454	431	993
Additional provisions made during the year	-	-	3,650	3,650
Charge against provision for the year	(58)	(1)	(59)	(118)
Balance as at 30 June 2009	50	453	4,022	4,525
2010				
Balance as at 1 July 2009	50	453	4,022	4,525
Additional provisions made during the year	-	343	400	743
Charge against provision for the year	(50)	-	(2,349)	(2,399)
Balance as at 30 June 2010	-	796	2,073	2,869

Surplus leased accommodation

The provision for surplus leased accommodation represents LINZ'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 was then amortised over the term of the lease, which expired in 2010.

Reinstatement provision

The reinstatement provision represents LINZ's estimated liability to reinstate leased accommodation to its original state at the expiry of the lease term. The provision is calculated on the net present value of the estimated liability at lease expiry.

Severance provision

The provision for severance payments represents LINZ's requirement to pay redundancy packages to those employees affected by the closure of two processing centres and restructuring within the National Office.

14. EMPLOYEE BENEFITS

Actual 2009 \$000		Actual 2010 \$000
Current employee entitlements are represented by		
105	Vested long-service leave	-
2,817	Vested annual leave	2,641
180	Accrued sick leave	135
1,819	Accrued salaries and wages	1,631
4,921	Total current employee benefits	4,407
Non-current employee entitlements are represented by		
3,190	Vested retirement leave	1,005
1,283	Unvested long-service and retirement leave	2,088
4,473	Total non-current employee benefits	3,093
9,394	Total employee entitlements	7,500

The present value of the retirement and long-service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate (6.00% for 3+ years) and the salary inflation factor (3.5% long term). Any changes in these assumptions will impact on the carrying amount of the liability.

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

15. TAXPAYERS' FUNDS

Actual 2009 \$000		Actual 2010 \$000
General funds		
39,238	Balance as at 1 July	36,746
(23,546)	Net surplus/(deficit)	(14,707)
21,054	Capital contribution from the Crown	16,333
-	Other movements	(22)
36,746	Total taxpayers' funds	38,350

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

Actual 2009 \$000		Actual 2010 \$000
(23,546)	Net surplus/(deficit)	(14,707)
	Add back non-cash items:	
1,232	Depreciation and assets written off	1,324
6,438	Amortisation of intangibles	4,437
7,670	Total non-cash items	5,761
	Add back items classified as investing activity	
(17)	Net loss/(gain) on sale of plant, property and equipment	88
	Movements in working capital	
-	(Increase)/decrease in inventory	(1,344)
2,543	(Increase)/decrease in receivables	1,672
205	(Increase)/decrease in prepayments	102
(6,475)	Increase/(decrease) in payables	(1,132)
3,532	Increase/(decrease) in provisions	(1,656)
(118)	Increase/(decrease) in employee entitlements	(1,894)
(313)	Net movements in working capital	(4,252)
(16,206)	Net cash inflow/(outflow) from operating activities	(13,110)

17. RELATED PARTY INFORMATION

Identity of related parties

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

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

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

Key management personnel are those members of the Senior Leadership Team.

Remuneration

Key management personnel compensation (includes chief executive and direct reports) is:

Actual 2009 \$000		Actual 2010 \$000
1,706	Salaries and other short-term employee benefits	1,564
40	Post-employment benefits	41
10	Contractual entitlements	-
1,756	Total key management personnel compensation	1,605

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

18. EVENTS AFTER THE BALANCE SHEET DATE

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

19. FINANCIAL INSTRUMENT RISKS

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

Credit risk

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

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

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

Fair value

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

Interest rate risk

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

Liquidity risk

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

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

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

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

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
2009				
Creditors and other payables (see note 12)	6,817	2,383	36	-
2010				
Creditors and other payables (see note 12)	7,710	-	-	-

20. CATEGORIES OF FINANCIAL INSTRUMENTS

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

Carrying amount 2009 actual \$000	Fair value 2009 actual \$000	Note	Carrying amount 2010 actual \$000	Fair value 2010 actual \$000
Loans and receivables				
1,830	1,830		2,959	2,959
7,227	7,227	7	5,555	5,555
9,057	9,057	Total loans and other receivables	8,514	8,514
Financial liabilities measured at amortised cost				
8,448	8,448	Trade and other payables	6,672	6,672

Estimation of fair values analysis

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

Trade and other receivables/payables

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

21. CAPITAL MANAGEMENT

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

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

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

22. MEMORANDUM ACCOUNTS

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

LANDONLINE – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2010

Actual 2009 \$000		Actual 2010 \$000
11,805	Balance as at 1 July	(10,668)
	Income	
35,973	Operating revenue	34,602
	Expenses	
58,446	Operating expenses	50,862
(22,473)	Net surplus/(deficit)	(16,260)
(10,668)	Balance as at 30 June	(26,928)

OVERSEAS INVESTMENT OFFICE (OIO) – STATEMENT OF MEMORANDUM ACCOUNT

For the year ended 30 June 2010

Actual 2009 \$000		Actual 2010 \$000
45	Balance as at 1 July	(1,341)
	Income	
1,081	Income from OIO applications	1,907
	Expenses	
2,467	Expenses from OIO operations	2,401
(1,386)	Surplus/(deficit) for the period	(494)
(1,341)	Balance as at 30 June	(1,835)

23. EXPLANATION OF FINANCIAL VARIANCES FROM BUDGET

Revenue Crown

Revenue Crown is under the Main Estimates budget by \$8.55 million, but under the Supplementary Estimates budget by \$6.1 million. This variance is the net result of approved Crown funded expense transfers to 2010/11.

Revenue other

Revenue other is under the Main Estimates budget by \$10.9 million due to the suppressed property transaction volumes extending into the 2009/10 year. Revenues were reforecast down as part of Supplementary Estimates.

Other operating expenditure

Other operating expenses are under the Main Estimates budget by \$13.1 million, which is largely due to unspent funds for programmes. These expenditures have been approved to carry forward to the 2010/11 year. The largest carry-forwards are for:

- Transpower project (\$7 million)
- land tenure reform programme (\$2 million)
- hydrographic surveys (\$1.7 million), and
- structured learning programme (\$1 million).

LINZ AS AN AGENT OF THE CROWN

NON-DEPARTMENTAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2010

Summary of non-departmental statements and schedules

	Actual 2009 \$000		Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
21,011	Operating revenue and receipts		19,655	23,745	29,692
240,373	Capital revenue and receipts		9,370	9,556	16,942
44,553	Operating expenses		18,207	23,471	34,146
13,496	Capital expenses		8,370	9,523	8,838
792,146	Assets		481,413	560,938	674,412
56,835	Liabilities		51,025	42,731	55,858

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

Further details of LINZ's management of these Crown assets and liabilities are provided in the Statement of Service Performance section of this Annual Report.

These non-departmental balances are consolidated into the Financial Statements of the Government. Therefore, readers of these statements and schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2010.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2010

	Actual 2009 \$000	Expenditure before remeasurements 2010 \$000	Remeasurements 2010 \$000	Expenditure actual 2010 \$000	Appropriation voted* 2010 \$000	Variance favourable/ (unfavourable) \$000
Appropriations for output classes to be supplied by other parties						
186 Contaminated sites		189	-	189	323	134
242 Lakes		-	-	-	-	-
428 Total		189	-	189	323	134
Appropriations for other expenses to be incurred by the Crown						
13 Bad and doubtful debts		(26)	26	-	25	25
397 Crown forest management		549	-	549	620	71
196 Crown obligations – loss on disposal		3,893	-	3,893	4,397	504
957 Crown rates		982	-	982	1,107	125
40 Depreciation and amortisation		323	-	323	333	10
16 Inventory write-offs		132	-	132	160	28
759 Land liabilities		5,404	(4,810)	594	843	249
294 Residual Crown leasehold rents		764	(764)	-	233	233
15,881 Proceeds from sale of Transit NZ ⁷⁰ properties		14,064	-	14,064	24,000	9,936
- Ngāti Apa (North Island) settlement		-	-	-	300	300
13,905 Central North Island iwi collective settlement		-	-	-	-	-
900 Te Arawa iwi/hapū settlement		321	-	321	321	-
3,710 Te Roroa settlement		-	-	-	-	-
37,068 Total		26,406	(5,548)	20,858	32,339	11,481
Appropriations for purchase of capital assets of the Crown						
5,000 Access rights to Crown forest licensed land		-	-	-	-	-
333 Crown acquisitions – Huntly East		648	-	648	648	-
- Crown purchases – land exchanges		-	-	-	-	-
322 Crown obligatory acquisitions		3,893	-	3,893	4,117	224
5,655 Total		4,541	-	4,541	4,765	224
43,151 Total appropriations for the year		31,136	(5,548)	25,588	37,427	11,839

* Includes adjustments made in the Supplementary Estimates.

⁷⁰ Transit New Zealand became part of the New Zealand Transport Agency (NZTA) in August 2008. LINZ appropriations continue to refer to the Transit NZ. This will be updated when possible to reflect the new agency's name.

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

STATEMENT OF NON-DEPARTMENTAL MULTI-YEAR APPROPRIATION

For the year ended 30 June 2010

The Statement of Non-Departmental Multi-Year Appropriation (MYA) details capital expenditure for the periods 2008/09 to 2009/10 against appropriations. LINZ administers these appropriations on behalf of the Crown.

	2009 \$000	2010 \$000
Purchase or development of capital assets by the Crown		
Land tenure reform acquisitions		
Original appropriation	32,000	32,000
Cumulative adjustments	3,185	3,185
Total adjusted appropriation	35,185	35,185
Cumulative actual expenditure 1 July	-	7,841
Current year actual expenditure	7,841	3,829
Cumulative actual expenditure 30 June	7,841	11,670
Appropriation remaining 30 June	27,344	23,515

The current MYA of \$35,185 million for the land tenure programme commenced in 2008/09 and will finish in 2010/11. An underspend in the programme in the 2007/08 year was expense-transferred into the 2008/09 year.

SCHEDULE OF NON-DEPARTMENTAL INCOME

For the year ended 30 June 2010

	Actual 2009 \$000		Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Operating revenue					
20,987 Sale of goods and services		18,710	23,678	28,715	
24 Other operational revenue		945	67	977	
21,011 Total non-departmental operating revenue		19,655	23,745	29,692	

SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

For the year ended 30 June 2010

	Actual 2009 \$000		Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Capital receipts					
238,956 Property sales		8,310	6,000	16,100	
1,417 Land tenure reform sales		1,060	3,556	842	
240,373 Total non-departmental capital receipts		9,370	9,556	16,942	

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

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2010

Actual 2009 \$000		Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Operating expenses				
428	Non-departmental output classes	189	500	323
Other expenses to be incurred by the Crown:				
40	Depreciation and amortisation	323	172	333
294	Rental and leasing costs	229	396	233
13	Debts written-off/(recovered)	(26)	25	25
(18)	Write-down/(up) of assets	(833)	-	(833)
18,059	Loss/(gain) on sale of properties	4,056	300	5,018
5,138	Remeasurements	5,574	-	-
2,427	GST input expense	3,110	2,317	2,317
18,172	Other operating expenses	5,585	19,761	26,730
44,553	Total non-departmental operating expenses	18,207	23,471	34,146
Capital expenses				
655	Property purchases	4,541	767	4,765
5,000	Access to Crown forest land	-	-	-
7,841	Land tenure reform purchases	3,829	8,756	4,073
13,496	Total non-departmental capital expenses	8,370	9,523	8,838

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2010

Actual 2009 \$000		Note	Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Assets					
Current assets					
11,876	Cash and cash equivalents		17,662	1,602	23,695
232,670	Trade and other receivables	4	4,748	3,345	2,977
45,052	Properties held for sale	6	36,491	3,000	28,110
100	Forests	7	100	-	3,430
374	Work in progress		66	-	374
493	Inventory		-	672	-
290,565	Total current assets		59,067	8,619	58,586
Non-current assets					
496,574	Physical assets	8	414,169	552,319	610,979
-	Forests	7	3,330	-	-
5,000	Intangible assets	9	4,840	-	4,840
7	Debtors and receivables	4	7	-	7
501,581	Total non-current assets		422,346	552,319	615,826
792,146	Total assets		481,413	560,938	674,412

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2010

Actual 2009 \$000		Note	Actual 2010 \$000	Main Estimates 2010 \$000	Supplementary Estimates 2010 \$000
Liabilities					
Current liabilities					
20,559	Trade and other payables	5	21,114	11,624	20,226
2,357	Provisions	10	2,122	7,997	10,267
22,916	Total current liabilities		23,236	19,621	30,493
Non-current liabilities					
9,216	Deferred income		9,030	9,158	9,029
24,703	Provisions	10	18,759	13,952	16,336
33,919	Total non-current liabilities		27,789	23,110	25,365
56,835	Total liabilities		51,025	42,731	55,858

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2010

Other non-cancellable commitments

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

Actual 2009 \$000		Actual 2010 \$000
Operating commitments		
Non-cancellable contracts for supply of goods and services		
634	Not later than 1 year	232
1,052	Later than 1 year and not later than 5 years	-
1,686	Total non-cancellable contracts for supply of goods and services	232
1,686	Total operating commitments	232

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

As at 30 June 2010

Quantifiable contingent liabilities are as follows:

Actual 2009 \$000		Actual 2010 \$000
-	Legal proceedings and disputes	900
18,751	Other contingent liabilities	18,751
18,751	Total contingent liabilities	19,651

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

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

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

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

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

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

STATEMENT OF TRUST MONIES

For the year ended 30 June 2010

Account	As at 01 July 2009 \$000	Contribution \$000	Distribution \$000	As at 30 June 2010 \$000
Land Deposit Trust	2,095	-	(2,090)	5
Endowment Rentals Trust	1	2,617	(2,617)	1
Hunter Soldiers Assistance Trust	55	-	-	55
Crown Forestry Licences Trust	3,526	13,137	(16,253)	410
Total	5,677	15,754	(20,960)	471

Land Deposit Trust

This Trust was established to hold monies in relation to land transactions. Monies are put on Trust in order to earn interest. Source of funds: interest earned on balance held in multi-deposit schemes.

Endowment Rentals Trust

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

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

Hunter Soldiers Assistance Trust

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

Crown Forestry Licences Trust

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

The accompanying policies and notes form part of these financial statements. For a full understanding of the Crown's financial position and the results of its operations for the period, reference should be made to the consolidated Financial Statements of the Government for the year ended 30 June 2010.

NOTES TO THE NON-DEPARTMENTAL SCHEDULES

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

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

Accounting policies

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

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

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

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

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

The following particular accounting policies have been applied:

Budget figures

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

Revenue

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

Goods and services tax (GST)

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

Debtors and other receivables

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

Inventories

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

Current replacement cost reflects any obsolescence or impairment.

Assets held for sale

An item of physical assets is classified as held for sale when the sale and purchase agreement has been signed or when an asset has been included in the property disposal programme. These assets are expected to be disposed of within 12 months and are therefore designated current.

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

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

Physical assets

Physical assets are categorised as:

- Crown forest land
- Crown pastoral land
- Crown leases
- surplus government properties
- un-alienated Crown land
- railway properties, and
- soil conservation reserves.

The physical assets' value is predominately land. However, the value also includes buildings, plant and equipment.

Revaluations

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

Revaluation methods

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

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

For surplus government properties, un-alienated Crown land and railway properties, the valuations are conducted in accordance with the Rating Valuation Act 1998 then adjusted to better reflect market values. The adjusted rated value is the rated value multiplied by the Property Index, which takes into account current valuations and sales by land type or region.

The soil conservation reserve category contains many pieces of land with no assigned value given the location, size or un-alienable nature, which are held at nil value.

There are five large soil conservation reserves with a value assigned to each, which are valued to market value by external valuers in a three-year rolling cycle.

Buildings, plant and equipment are shown at cost or valuation, less accumulated depreciation and any impairment losses. Martin Veale (Telfer Young), an independent valuer, has confirmed that the valuation approaches used at 30 June 2010 are appropriate for determining fair value in accordance with NZ IFRS.

Valuers

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

Valuer	Date of valuation	Property type	Fair value of properties revalued \$000
Quotable Value Limited	October 2007	Crown forest land	11,345
Darroch Limited	June 2009/10	Crown pastoral land	8,929
Simes Limited	June 2009/10	Un-alienated Crown land	56,404

Accounting for revaluations

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

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

Additions

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

Type of asset	Estimated life
Buildings	50 years
Plant and equipment	10 years

Intangible assets

Easements

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

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

Amortisation

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

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

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

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

Biological assets

The Crown's interests in forests are valued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of future cashflows after tax. The valuations as at 30 June 2010 were carried out by Alan Bell and Associates and Kohntrol Forest Services Ltd, both of which are registered Forestry Consultants (NZIF).

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

Impairment of non-financial assets

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

Provisions

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

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

Commitments

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

2. ADDITIONAL INFORMATION

Summary of appropriations changes.

Appropriation	Main Estimates \$000	Supplementary Estimate changes \$000	Total appropriated 2010 \$000
Non-departmental output classes			
Contaminated Sites	500	(177)	323
Total non-departmental output classes	500	(177)	323
Other expenses to be incurred by the Crown			
Bad and doubtful debts	25	-	25
Crown forest management	500	120	620
Crown obligations – loss on disposal	267	4,130	4,397
Crown rates	1,107	-	1,107
Depreciation and amortisation	172	161	333
Inventory write-offs	44	116	160
Land liabilities	843	-	843
Residual Crown leasehold rents	396	(163)	233
Proceeds from sale of NZTA properties	17,000	7,000	24,000
Ngāti Apa (North Island) settlement	300	-	300
Te Arawa iwi/hapū settlement	-	321	321
Total other Crown expenses	20,654	11,685	32,339
Purchase or development of capital assets by the Crown			
Crown acquisitions – Huntly East	500	148	648
Crown obligatory acquisitions	267	3,850	4,117
Total Crown capital assets	767	3,998	4,765
Total appropriations	21,921	15,506	37,427

3. FINANCIAL OVERVIEW AND PERFORMANCE VARIATIONS

Non-departmental output expenses

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

Other operating expenses

Other operating expenses are underspent largely as a result of under recovery from sales of New Zealand Transport Agency (NZTA) land. LINZ acts as a banker for the NZTA, receiving income from land sales and refunding the proceeds back to the NZTA. These refunds require an appropriation.

Capital receipts

Property sales are well below Supplementary Estimates, as a result of the Ngāti Apa Treaty Settlement. The legislation was not passed by 30 June 2010 and therefore revenue of \$11.3 million was not recognised.

Physical assets

Physical assets are \$82 million lower than the previous year. The downward movement is largely due to annual valuations performed, in particular, the introduction of a new pastoral land valuation model. There was no change in accounting principles, merely the approach. All valuation methodologies were reviewed and confirmed as appropriate by Martin Veale (Telfer Young), independent valuer.

4. TRADE AND OTHER RECEIVABLES

Actual 2009 \$000		Actual 2010 \$000
2,469	Debtors to non-related parties	3,460
(27)	Less: provision for doubtful debts	-
2,442	Net debtors	3,460
229,899	Accounts receivable – departments	440
336	Accounts receivable – Crown entities	855
232,677	Total trade and other receivables	4,755
Represented by		
232,670	Current	4,748
7	Non-current	7

Debtors are shown net of provision for doubtful debts which was nil in the current year (2009: \$0.027 million). The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2010 and 2009, all overdue receivables were assessed for impairment and appropriate provisions applied, as detailed below.

The provision for doubtful debts has been calculated based on expected losses for the Crown's pool of debtors. Expected losses have been determined based on an analysis of the Crown's losses in previous periods and review of specific debtors. Those specific debtors that are insolvent are fully provided for. As at 30 June 2010, there were no debtors identified as insolvent (2009: nil).

Movements in the provision for doubtful debts are as follows:

Actual 2009 \$000		Actual 2010 \$000
27	Balance as at 1 July	27
-	Receivables written off during the period	(27)
27	Balance as at 30 June	-

5. TRADE AND OTHER PAYABLES

Actual 2009 \$000		Actual 2010 \$000
19,462	Creditors and accrued expenses	19,506
1,097	GST payable	1,608
20,559	Total creditors and other payables	21,114

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

6. ASSETS HELD FOR SALE

Actual 2009 \$000		Actual 2010 \$000
19,971	Crown forest land	11,976
19,839	Crown pastoral land	4,486
1,250	Railway properties	16,290
354	Surplus government properties	880
3,638	Un-alienated Crown land	2,859
45,052	Total non-current assets held for sale	36,491

The \$36.491 million (2009: \$45.052 million) includes forest land, rated properties and pastoral land classified as held for sale. They are expected to be disposed of in the next 12 months as per disposal schedules (rated properties and forest land) and tenure reviews (pastoral land).

7. BIOLOGICAL ASSETS

Actual 2009 \$000		Actual 2010 \$000
314	Carrying amount as at 1 July	100
-	Additions	2,497
(220)	Disposals	-
6	Gain/(loss) from changes to fair value	833
100	Carrying amount as at 30 June	3,430
Represented by:		
100	Current	100
-	Non-current	3,330

The biological asset value consists of three forests.

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

Waerenga-O-Kuri and Tangoio forests were transferred from the Ministry for the Environment to LINZ in March 2010. Waerenga-O-Kuri forest was established with Radiata Pine seedlings from 1977 to 1983 over 147.1ha. Tangoio forest consists of Radiata Pine forest covering 240ha and was established from 1985 to 2008. The valuations do not cover the land beneath the trees; this is separately valued and disclosed within the soil conservation category of physical assets.

As at 30 June 2010, LINZ held trees planted over 404.7ha (2009: trees planted over 17.6ha).

8. PHYSICAL ASSETS

	Crown forest land \$000	Crown pastoral land \$000	Crown leases \$000	Railway properties \$000	Surplus government properties \$000	Un- alienated Crown land \$000	Soil conservation reserves \$000	Total \$000
Cost or valuation								
Balance as at 1 July 2008	448,121	136,158	756	63,279	24,191	106,344	-	778,849
Revaluation increase	8,709	19,580	-	(4,545)	(6,376)	(13,865)	-	3,503
Additions	-	6,703	-	-	-	137	-	6,840
Disposals/transfers to assets held for sale	(242,923)	(37,690)	(756)	-	(1,730)	(9,446)	-	(292,545)
Balance as at 30 June 2009	213,907	124,751	-	58,734	16,085	83,170	-	496,647
Balance as at 1 July 2009	213,907	124,751	-	58,734	16,085	83,170	-	496,647
Revaluation increase/(decrease)	24,451	(67,615)*	-	3,352	(657)	6,914	2,288	(31,267)
Additions	-	5,775	-	-	35	651	3,287	9,748
Disposals/transfers to assets held for sale	(12,573)	(19,387)	-	(19,431)	(3,992)	(5,339)	-	(60,722)
Balance as at 30 June 2010	225,785	43,524	-	42,655	11,471	85,396	5,575	414,406
Accumulated depreciation and impairment losses								
Balance as at 1 July 2008	-	-	-	-	-	(279)	-	(279)
Depreciation charge for the year	-	-	-	-	-	(40)	-	(40)
Reversal of impairment losses	-	-	-	-	-	205	-	205
Disposals	-	-	-	-	-	41	-	41
Balance as at 30 June 2009	-	-	-	-	-	(73)	-	(73)
Balance as at 1 July 2009	-	-	-	-	-	(73)	-	(73)
Depreciation charge for the year	-	-	-	-	-	(155)	(8)	(163)
Reversal of impairment losses	-	-	-	-	-	(1)	-	(1)
Disposals	-	-	-	-	-	-	-	-
Balance as at 30 June 2010	-	-	-	-	-	(229)	(8)	(237)
Carrying amounts								
As at 1 July 2008	448,121	136,158	756	63,279	24,191	106,065	-	778,570
As at 30 June 2009 and 1 July 2009	213,907	124,751	-	58,734	16,085	83,097	-	496,574
As at 30 June 2010	225,785	43,524	-	42,655	11,471	85,167	5,567	414,169

* The Crown pastoral land category was revalued down \$67 million in the 2009/10 year, as a result of a change in methodology. A new valuation model was built to improve internal processes and to provide consistency when valuing this class of asset. LINZ engaged Darroch Limited (valuers and property advisers) to provide a recommended approach for valuing Crown pastoral land in accordance with governing financial reporting standards. The model is based on the report provided from Darroch Limited and has been reviewed and confirmed as appropriate by Martin Veale (Telfer Young), independent valuer. The model is a change in methodology, not a change in accounting policy. The valuation technique is in line with Crown accounting policies.

9. INTANGIBLE ASSETS

Actual 2009 \$000	Cost	Actual 2010 \$000
-	Carrying amount as at 1 July	5,000
5,000	Additions	-
-	Gain/(loss) from changes to fair value	-
5,000	Carrying amount at 30 June	5,000
Amortisation and impairment losses		
-	Balance as at 1 July	-
-	Amortisation expense	160
-	Disposals	-
-	Balance as at 30 June	160
5,000	Total intangible assets	4,840
Carrying amounts		
As at 1 July 2008		-
As at 30 June 2009 and 1 July 2009		5,000
As at 30 June 2010		4,840

Intangible assets consist of an easement – a right to access land. The useful life of the right is 35 years, which is equivalent to the contractual length of the right.

10. PROVISIONS

Actual 2009 \$000		Actual 2010 \$000
456	Provision for onerous leases	484
708	Huntly East provision	594
1,193	Other	1,044
2,357	Total current portion	2,122
9,075	Provision for onerous leases	7,343
15,628	Huntly East provision	10,932
-	Other	484
24,703	Total non-current portion	18,759
27,060	Total provisions	20,881

	Provision for onerous leases \$000	Huntly East provision \$000	Other provisions \$000	Total \$000
2009				
Balance as at 1 July 2008	7,030	14,119	1,622	22,771
Additional provisions made during the year	-	-	254	254
Charge against provision for the year	(419)	-	(430)	(849)
Discounting changes	2,920	2,218	-	5,138
Unused amounts reversed during the year	-	(1)	(253)	(254)
Balance as at 30 June 2009	9,531	16,336	1,193	27,060
2009				
Balance as at 1 July 2009	9,531	16,336	1,193	27,060
Additional provisions made during the year	-	-	447	447
Charge against provision for the year	(450)	-	(112)	(562)
Discounting changes	(1,254)	(4,810)	-	(6,064)
Balance as at 30 June 2010	7,827	11,526	1,528	20,881

Provision for onerous leases

LINZ has onerous contract obligations where the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from it. The provision relates to the lease on 3 The Terrace, Wellington, which expires in 2060.

Huntly East subsidence

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

11. FINANCIAL INSTRUMENTS

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

Actual 2009 \$000		Actual 2010 \$000
	Loans and receivables	
11,876	Cash and cash equivalents	17,662
232,677	Debtors and other receivables	4,755
244,553	Total loans and receivables	22,417
	Financial liabilities measured at amortised cost	
20,559	Creditors and other payables	21,114

Credit risk

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

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

12. EVENTS AFTER THE BALANCE SHEET DATE

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

4. LINZ Information

LEGISLATION LINZ ADMINISTERS

Legislation administered by LINZ:

- Cadastral Survey Act 2002
- Crown Grants Act 1908
- Crown Pastoral Land Act 1998
- Deeds Registration Act 1908*
- Hunter Gift for the Settlement of Discharged Soldiers Act 1921
- Land Act 1948
- Land Transfer Act 1952*
- Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002
- New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008
- Public Works Act 1981, Parts II – VI, and Part VIII
- Rating Valuations Act 1998
- Reserves and Other Lands Disposal Acts
- Unit Titles Act 1972 and 2010*
- Valuation Department (Restructuring) Act 1998
- Valuers Act 1948.

(* Administered jointly with the Ministry of Justice)

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

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

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

LINZ acts in a secretarial and administrative support capacity for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa and the Valuers Registration Board. The Surveyor-General is the Chairperson of the New Zealand Geographic Board and the Valuer-General is the Chairperson of the Valuers Registration Board.

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

- Airport Authorities Act 1966 (relating to disposal of land)
- Crown Forest Assets Act 1989 (in relation to Crown Forestry Licences)
- Crown Minerals Act 1991 (in relation to access arrangements to land)
- Crown Research Institutes Act 1992 (relating to disposal of land)
- Electoral Act 1993 (relating to electoral boundaries)
- Geographical Indications Act 1994 (relating to geographical names)
- Health Reforms (Transitional Provisions) Act 1993 (relating to disposal of land)
- Local Government Act 1974 (relating to road stopping)
- Mining Tenures Registration Act 1962 (relating to residence site licences)
- New Zealand Railways Corporation Act 1981 (relating to disposal of land)
- Overseas Investment Act 2005 (the chief executive of LINZ is the 'regulator')
- Resource Management Act 1991 (relating to network utility operators and acquisition of land)
- State Owned Enterprises Act 1986 (relating to disposal of land)
- Te Ture Whenua Māori Act 1993 (relating to Māori land)
- Treaty of Waitangi (State Enterprises) Act 1988 (relating to disposal of land)
- Treaty of Waitangi Act 1975 (relating to disposal of land)
- Treaty of Waitangi Claims Settlement Acts (various).

STATUTORY INFORMATION

This table details information required under section 181 of the Land Act 1948 for the year ended 30 June 2010.

	Details	Number	Total area (hectares)	Price paid \$000	Total yearly rent payable \$000
1(a)	Areas of private land or lessees' interest in Crown land purchased during the year	3	0.2	648	-
1(b)	Areas of land purchased by the Office of Treaty Settlements under section 40 of the Land Act 1948*	18	6,432	69,651	-
2	Leases and licences granted during the year	81	215,098	-	178,620
3	Leases and licences current at the end of the year	639	1,768,564	-	3,349

* These purchases were funded from Vote: Treaty Negotiations.

5. Appendix

NEW ZEALAND GEOGRAPHIC BOARD (NGĀ POU TAUNAHA O AOTEAROA) – SUMMARY OF ANNUAL REPORT

The New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 came into force on 1 November 2008 (with sections 32 and 33 relating to compliance and enforcement coming into effect on 1 November 2009). Under the Act, the Board is required to report annually to the Minister for Land Information, and to publish a summary in Land Information New Zealand's Annual Report. The Board's second report, summarised on this page, covers the period 1 July 2009 to 30 June 2010.

About the Board's work

The New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa is a statutory body responsible for official geographic naming in New Zealand, its territorial waters and offshore islands, the undersea features of its continental shelf, and the Ross Sea region of Antarctica. The Board also reviews and concurs with the naming of Crown protected areas administered by the Department of Conservation. Appointments to the 10-member Board are made by government. The Board is chaired by the Surveyor-General (ex officio). Land Information New Zealand administers the 2008 Act and provides administrative support to the Board through a Secretariat.

Implementation of 2008 Act

Several tasks have been carried out during the reporting period by the Board's secretariat to implement specific requirements of the Act:

- Section 13: the Gazetteer database project is well underway and is expected to be completed by mid-2011.
- Section 26: the Undersea Names Committee is considering how to process and present over 850 undersea feature names to the Board and then to the international Sub-Committee on Undersea Feature Names (SCUFN).
- Section 35: a certain number of Antarctic and Crown protected area names are still required to be gazetted as official.
- Schedule 1, clause 5: the Board established 3 separate committees and chairs for Māori, Antarctic and undersea names. Each committee makes recommendations to the Board.
- Cabinet directive – iwi consultation: a number of formal protocols and guidelines were established to assist with processing Māori place names.
- Cabinet directive – suburb and locality names: work has begun to identify all existing suburb and locality names. Some territorial authorities have begun the process of formalising their names and boundaries. For the most part, the practical and operational processes set out in the Act have become part of business-as-usual for the Board.

Place name proposals

The Board considered 275 place names as follows:

- 33 place names were made final and official.
- 25 were publicly notified seeking submissions for or against.
- 15 were deferred for further research, consultation or information.
- 11 are currently being researched.
- 5 were declined.
- 3 were for Crown protected areas that were reviewed and concurred with.
- 1 amendment was made to a previously gazetted name.
- 4 were noted by the Board and no further action taken.
- 178 were Treaty of Waitangi settlement names. This volume indicates the significant numbers of Treaty names resulting from the Government's priority to settle all Treaty claims by 2014.

A significant proposal to correct the spelling from 'Wanganui' to 'Whanganui' generated high public interest and attracted 850 submissions. The Board did not uphold the objections. The Minister for Land Information made the final decision on 18 December 2009, deciding to assign alternative names, but noted that the 2008 Act required amendment to allow for this alternative naming.⁷¹ Once the Act is amended, the 'Whanganui' or 'Wanganui' decision can be gazetted and notified by the Secretary.

The Board also processed a number of other significant naming proposals for:

- Formalising 'North Island' and 'South Island' as official geographic names, and for assigning alternative Māori names for them. Progress for these names is also awaiting the amendment to the Act, so that the public consultation can begin.
- Honouring the late Sir Edmund Hillary (12 proposals).
- 22 suburb and locality names for Porirua City for addressing purposes.
- 3 'Kairangi' names restored as a grouping, from the Ngāi Tara traditional history.

Other activities

- An online submission form has been developed to be available for each proposed name that is notified over the consultation period.
- The Board adopted a number of policies, including its adoption of macrons on Māori names; use of hyphens in Māori names; a convention for order of stream branches; use of numerals or full words; the practice for St or Saint and other abbreviation standards; and the use of a space either side of solidus for dual names and their font and style.

The full report of the Board will be made available on the LINZ website: www.linz.govt.nz/nzgb-annual-report-0910.

⁷¹ This was an unintended consequence of the 2008 redraft.

Directory

NATIONAL OFFICE

Lambton House
160 Lambton Quay
PO Box 5501
Wellington 6145

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

Web: www.linz.govt.nz
www.landonline.govt.nz
www.newzealand.govt.nz

AUCKLAND PROCESSING CENTRE*

Oracle Tower
56 Wakefield Street
Auckland

Note: please send mail for Auckland
to our Hamilton Processing Centre.

Ph: 0800 665 463 (New Zealand callfree only)

Public services provided:

- reading room for viewing land records by appointment.

HAMILTON PROCESSING CENTRE

Cnr Victoria & Rostrevor Streets
Private Bag 3028
Hamilton 3240

DX GX 10069

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

Public services provided:

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

CHRISTCHURCH PROCESSING CENTRE

Torrens House
195 Hereford Street
Private Bag 4721
Christchurch 8140

DX WP20033

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

Public services provided:

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

DUNEDIN PROCESSING CENTRE*

John Wickliffe House
265 Princes Street
Dunedin

Note: please send mail for Dunedin
to our Christchurch Processing Centre.

Ph: 0800 665 463 (New Zealand callfree only)

Public services provided:

- reading room for viewing land records by appointment.

* LINZ is reducing the number of processing centres to two offices in Hamilton and Christchurch. The Dunedin processing centre will close in December 2010. The Auckland processing centre will close in January 2011.



National Office
Lambton House, 160 Lambton Quay
PO Box 5501, Lambton Quay
Wellington 6145, New Zealand

Tel (04) 460 0110
Fax (04) 472 2244

ISSN Numbers
Print – 1177-1119
Web – 1177-8717

www.linz.govt.nz