

# Annual Report

## Pūrongo ā-tau

### 2018/19



# Whatungarongaro te tangata toitū te whenua

People come and go, but the land remains



LINZ takes its Māori name Toitū te Whenua from the proverb “Whatungarongaro te tangata toitū te whenua: People come and go, but the land remains”. Land is central to New Zealand’s identity and to the country’s economic growth, and it will exist long after we have gone.

---

# Contents

<b>Chief Executive's foreword</b>	3
<b>Our key achievements 2018/19</b>	4
<b>About LINZ</b>	8
<b>Our outcomes</b>	
Outcome 1: High-value geographic and property information	19
Outcome 2: World-class property system	22
Outcome 3: Making best use of the Crown Estate	24
Outcome 4: Safeguard New Zealand's interests in sensitive assets	26
<b>Case studies</b>	
Case study 1: Highway fixes – responding to our customers	29
Case study 2: Being a responsible property manager	30
Case study 3: Christchurch regeneration	32
Case study 4: Overseas investment helps affordable housing	33
Case study 5: Preserving our past: our taonga	34
<b>Our performance reporting</b>	
Delivery of outputs against the performance measures	36
<b>Financial statements</b>	
Statement of responsibility	57
Our financial reporting	58
Notes to the departmental financial statements	63
Non-departmental statements and schedules	82
Notes to the non-departmental statements and schedules	87
Appropriation statements	99
Independent auditor's report	102
<b>Appendices</b>	
Appendix A: New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa – Overview of performance in 2018/19	106
Appendix B: Land tenure reform acquisitions	107
Appendix C: Statutory information	108
Appendix D: New Zealand Business Number	108
Directory	109
Image credits	109





### **Land Information New Zealand Executive Leadership Team**

Back Row: Jan Pierce, DCE Location Information; Gaye Searancke, Chief Executive; Kathy Mansell, DCE Property Rights; Robbie Muir, DCE Strategy and Stewardship  
Front Row: Lisa Barrett, DCE Policy and Overseas Investment; Jerome Sheppard, DCE Crown Property; Mandy McDonald, DCE Corporate; Aaron Jordan, DCE Property System Infrastructure

## Chief Executive's foreword

**Our land, sea and waterways are taonga that connect us. Land Information New Zealand's (LINZ) expertise and information help us develop and protect these taonga for the benefit of all New Zealanders, our visitors and future generations.**

LINZ has a long and rich history of connection with New Zealand's land and landscapes. We are proud stewards of the land and survey system that has been the envy of the world for many years, we create topographic and marine maps and charts that have guided New Zealanders' adventures and commercial activities, we deliver high-quality technical data, and we work to protect New Zealand's sensitive assets.

We recognise that LINZ can contribute even more and that we must continue to do so, to keep pace with the increasing expectations of us. Our 2018 Performance Improvement Framework reviewers urged us to raise our profile and relevance, to be more strategic, influential, innovative and customer facing while continuing to demonstrate our deep technical expertise and experience.

We are embracing these challenges with enthusiasm and purpose. LINZ is committed to growing our contribution to our country and to the lives of New Zealanders. This year we have consistently shown the value we add to New Zealand – through our commitment to delivering on our outcomes and Ministers' priorities and meeting our statutory obligations.

We successfully implemented the changes to the Overseas Investment Act, which took effect on 22 October 2018. New Zealanders can be assured that our overseas investment regulatory system is protecting New Zealand's sensitive assets and enhancing our overall wellbeing.

We are responsible for Landonline, our land title and survey system that enables all land transactions in New Zealand to take place. It is critical to our economy. This year we successfully secured Cabinet agreement and funding to rebuild Landonline to be a flexible, modern and secure technology platform that is easier for customers to use.

LINZ manages over 1.2 million hectares of Crown pastoral land mainly in the South Island high country. This year we have improved our operational practices and have supported the Government's proposed changes to the long-term stewardship of the land. Decisions in Budget 2019 are enabling us to further invest in improving our practices so we are an active land manager.



The importance of other key areas of LINZ's work was recognised in Budget 2019. We have been supported with more funding to prepare Landbank properties of significance to iwi to be ready once Treaty settlements occur. We also secured funding to prepare a case, following our trial with Australia, to develop a regional Satellite-Based Augmentation System (SBAS). SBAS will significantly improve GPS accuracy and so increase New Zealand's productivity, our safety and enable innovation.

The data we collect about New Zealand's land and coastline is critical for informing New Zealanders about the landscapes they choose to live, work and play in. New Zealanders seek and need more high-quality and accurate data and information to stay safe, travel, navigate, own and transfer property and reduce exposure to natural hazards. The allocation and coordination of Light Detection and Ranging (LiDAR) funding is an example of us collaborating with others to achieve a significant increase in national coverage of elevation data that is crucial to decision making. This year we managed the allocation of \$14 million to eight local authorities to complete LiDAR capture that will provide elevation data for more than half of New Zealand's land area.

Our case studies in this report tell the stories of how we are connecting, being customer-centric and making a difference for New Zealanders. As incoming Chief Executive, I see an organisation embracing its history and opportunities and asking "How can we add more value to New Zealand?" I strongly support this drive and direction. I wish to thank the Executive Leadership Team for their committed and collective leadership this year. In the coming year we will continue to build a bold, strategic and outward-looking organisation.

*Gaye Searancke*

**Gaye Searancke**

Chief Executive, Land Information New Zealand



# Our key achievements 2018/19



New Zealand, in our eyes, is a special place. We treasure our land, coastline and sea. We are the government agency that manages investment from overseas in sensitive assets, Crown land, and New Zealand's property system. We do this in ways that both address immediate concerns and provide for future generations.

This year we have committed our time, energy and resources to deliver these key achievements:

- protecting New Zealand's sensitive assets while enabling New Zealand to prosper
- strategically leading how we manage the South Island high country
- ensuring the long-term stability of Landonline, the technology platform and software that underpins New Zealand's property rights system.



## Overseas investment – new rules and a new focus

New Zealand welcomes overseas investment that delivers real benefits to our country. As regulators of overseas investment, we protect land and assets while realising the contribution of offshore capital in New Zealand.

The Overseas Investment Amendment Act 2018 enacted the Government's priorities for overseas investment regulation.

The expanded regime, with new rules for overseas investors, came into effect in October 2018. It created new application pathways for investors: One Home to Live In and large-scale residential developments. It also introduced a more streamlined application process and test for forestry applications.

We needed a carefully planned approach for successfully implementing the new types of applications in this new era of overseas investment. As a modern, strategic regulator we have introduced and implemented the expanded regime to meet the requirements of the Act.

### Key achievements

- Deciding 327 applications for consent: Ministers made 28 of these decisions.
- Completing 36 enforcement actions.
- Enhancing our operating model: we established two new application teams plus a monitoring and intelligence team.
- Implementing two new IT systems:
  - an electronic application tool for applicants and consent holders (<http://oio.linz.govt.nz>)
  - an upgraded case management system.
- Communicating the changes to targeted audiences: the investment sector, industry associations, and those who have significant roles in the residential property system.





## Enduring stewardship of Crown pastoral land – seeking views on the future

Stretching from Marlborough to Southland, Crown pastoral land covers around 1.2 million hectares. It includes some of New Zealand's most iconic high country land that is culturally, environmentally and economically significant to New Zealand. The Government intends to remain the long-term owner of this land and tenure review will end. Tenure review is a voluntary process that gives pastoral lessees an opportunity to buy some of their leasehold land. The rest of the land returns to Crown ownership, usually for conservation purposes. Consequently, how the Crown manages Crown pastoral land needs to change. In February 2019, we began public consultation on proposals for improving the Crown's management of pastoral land on behalf of the Minister for Land Information. The proposals suggested:

- ways to ensure decision-making is accountable and transparent
- changes to how the Commissioner of Crown Lands considers decisions on discretionary consents
- increased monitoring of the use of the land.

We connected with people most impacted by these changes, and individuals and organisations with a strong interest in the high country to seek their views on our proposals.

Together with the Department of Conservation, we engaged with Ngāi Tahu to understand the cultural importance of the Crown estate and how Tiriti o Waitangi partnership responsibilities interact with the Crown's stewardship role. Discussions with Te Rūnanga a Rangitāne o Wairau and Ngāti Apa ki te Rā Tō also took place as there are leases within their rohe.

Overarching themes from the consultation included the:

- reconfirmation of the importance of Crown pastoral land for all

- importance of stakeholder relationships to achieve our outcomes
- importance of the role of the Commissioner of Crown Lands, property rights and the pastoral lease contracts
- public interest in the stewardship of the land.

Our effective consultation was important to build and strengthen our relationships with individuals and stakeholders.

Our consultation on the Crown's management of pastoral land means we better understand all perspectives. This understanding helps to inform policy proposals and operational improvements, so the Crown can better steward this critically important landscape.

### Key achievements

Our eight-week consultation period included:

- hui and discussions with representatives from Ngāi Tahu, Te Rūnanga a Rangitāne o Wairau and Ngāti Apa ki te Rā Tō
- two leaseholder meetings in Christchurch and Omarama with Minister for Land Information Hon Eugenie Sage and 180 attendees
- one public meeting in Christchurch with Minister Sage and 40 attendees from a wide range of organisations.

We received 3,248 submissions from:

- 32 organisations
- 3,216 individuals, of which:
  - 2,739 submitters used a submission form provided by Forest & Bird and Greenpeace New Zealand
  - 100 submitters endorsed the submission from the High Country Accord.





## Rebuilding Landonline: we are on our way



Property is more than just an important economic asset. Property shapes how we work and live, our aspirations and our culture. What property is, who owns it, their rights as owners, and how it is bought and sold, is managed and guaranteed through the property system. Confidence in property rights contributes to the wellbeing of New Zealanders and is critical to the financial systems our economy relies on.

Landonline is the technological cornerstone of the property system and it holds more than two million property titles and parcels. It is part of the infrastructure that has made New Zealand number one in the 2019 World Bank Ease of Doing Business rankings for registering property. Property professionals use Landonline daily to securely search and register property. As owners and stewards of Landonline, it is time for us to invest in this key technology platform and our people capability to ensure integrity and continuity for the future.

The rebuild will create a more accessible and intuitive experience for users. Users will be able to access Landonline from any device, and it will be able to display the more complex property rights arrangements that are commonplace today.

Long-term benefits include:

- improved productivity for customers
- reduced time and cost of property transactions
- greater use of visual technologies to help users.

This will ensure New Zealand continues to be a world leader in property systems well into the future.

### Key achievements

- Cabinet approved the rebuild business case.
- Joint Ministers approved the single stage business case for the first part of the rebuild.
- We established our programme team.

# About LINZ



## Our strategic context

### Our vision

The power of where drives New Zealand's success.

### Our purpose

Land, sea and waterways are taonga that connect us all. Our expertise and information help us develop and protect these environments for the benefit of all New Zealanders, our visitors, and future generations.

### Our Minister's priorities

Protecting inherent values on Crown land in the South Island.

Using high-value geographic and property data to support wellbeing and resilience.

Supporting Māori/Crown relations and Treaty of Waitangi settlements.

Safeguarding New Zealand's interest in sensitive assets.

Rebuilding Landonline.

### Our outcomes

Priority areas where we can add most value over the long term.



#### High-value geographic and property information

Geographic and property information are used effectively to deliver value for New Zealand, improve outcomes for Māori, and deliver significantly higher-value public services (national and local).



#### World-class property system

The property system is ready for the future, built for growth and changing needs.



#### Making best use of the Crown Estate

Getting the best public value from the Crown Estate, for the benefit of all New Zealanders.



#### Safeguard New Zealand's interest in sensitive assets

Ownership of sensitive assets reflects New Zealand's best interests.

### Key challenges for New Zealand

We will make a significant difference through our expertise, relationships and information.



#### Water

Contribute to better management of fresh water, including quality and allocation.



#### Resilience and climate change

Support efforts to prepare for, mitigate and adapt to the impacts on land and sea of climate change and one-off events (natural and human-induced).



#### Urban areas

Contribute to managing and responding to pressures on urban areas from population growth.



## Our operating context

### Our Ministers

Minister for Land Information  
 Minister for Greater Christchurch Regeneration  
 Minister for Treaty of Waitangi Negotiations

### Vote Lands

(actual spend for 18/19)

	Departmental	Non-departmental
<b>Operating</b>	\$154.2 million	\$110.6 million*
<b>Capital</b>	\$8.1 million	\$20.7 million
<b>Total</b>	\$162.3 million	\$131.3 million

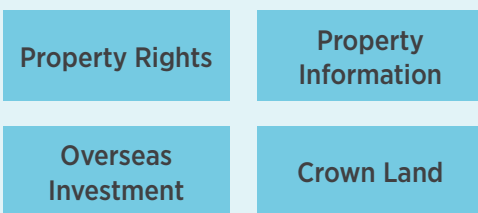
\*note, this amount excludes remeasurements due to discount rate changes and the impacts of GST.

### Legislation

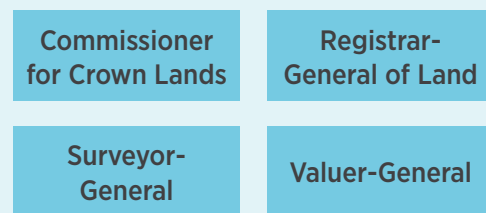
15 Acts we administer. We also have specific functions under many others.

### Regulation

4 Regulatory systems we steward:



Within these systems there are independent statutory officers:



### Our core values

#### Bold

We take personal responsibility to be better every day. We're courageous, agile and unafraid to fail.

#### Expert

We are among the best in the world, but we never take that for granted. We're passionate about reaching our potential.

#### Stronger together

Manaaki connects us. Diversity is our strength. We back each other, challenge and keep each other safe.

### Our whakapapa

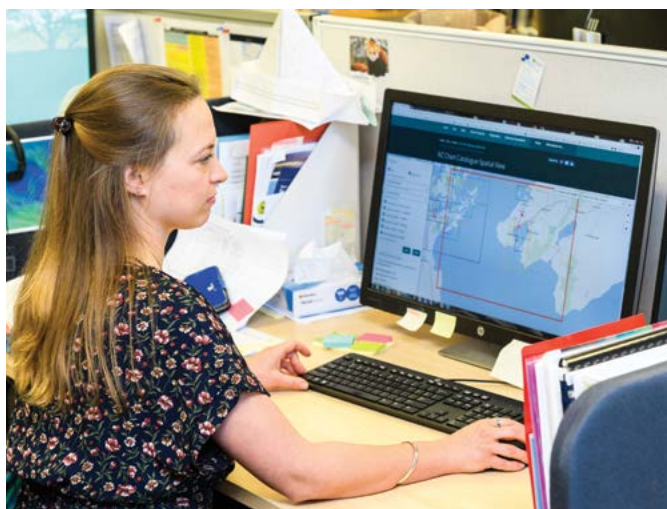
We trace our whakapapa back to decisions of the Executive Council in 1840 to appoint a Surveyor-General, Secretary of Crown Lands and a Register Office. The LINZ of today was formed in 1996.

## Knowing and understanding us

Our vision, the power of where drives New Zealand's success, highlights that location-related decisions lie at the heart of New Zealand's economic, social, environmental and cultural prosperity. Location-related information is key to making better decisions and unlocking value for New Zealanders, whether it is a decision about how we use land, buying or selling property, or managing public land.

We ensure New Zealand has accurate location information about where places are, people have confidence in their property rights, Crown property is well managed for future generations and sound decisions are made regarding foreign ownership of sensitive assets.

Our outcomes identify where our expertise and skill can add the most value to New Zealand over the long term. In delivering our outcomes, we will address the three challenges that New Zealand is facing: water; resilience and climate change; and urban areas. These outcomes and challenges, along with Ministerial priorities and statutory obligations, direct our work.



## Transforming how we work

Our operating environment is dynamic. We need to respond to new demands and expectations from the Government, our customers and our stakeholders. Rapid changes in technology and the digital environment mean we must embrace and encourage innovation.

Our 2018 Performance Improvement Framework review urged us to become more strategic, influential, smart and customer facing in the way we do our work. It emphasised that we need to articulate our operating model and include who our different customers are and what they value. It reinforced that we can rely on the deep technical expertise and experience that has supported our performance to date. However, we must be purposeful in planning for the future to ensure we achieve our outcomes in this changing environment.

We are transforming how we work to become more strategic, connected, innovative and flexible, and outward-looking.

This means we need to:

- become a strategy driven agency, with our people collectively focused on delivering what matters for New Zealand. We will be clear about where we can add value across the systems that we are part of
- be strongly networked internally, system-wide, and internationally. We will see the whole picture, working with others to jointly target key challenges facing New Zealand and our customers
- be bold leaders who embrace change. We will have confidence to innovate and act beyond delivering our core business well. We will take advantage of opportunities where we can add real value
- focus externally on what New Zealand and our customers need. We will use this understanding to guide everything we do, leading with our expertise and key relationships to get results.

We are focusing on:

- putting our customers at the centre of what we do
- partnering to deliver shared outcomes
- building a future-focused leadership culture.

This is our first step towards an operating model that gives us clarity in our work.

## Our people

Our organisational capability underpins our ability to deliver our work. We invest in and support our people and recognise their skills, expertise and experience. We aim to build a happy, healthy and high-performing organisation that attracts and retains talent.

During the year, the contributions of some of our people were recognised nationally and internationally.

- **Wendy Shaw**, Secretary of the New Zealand Geographic Board, Ngā Pou Taunaha o Aotearoa, was appointed as one of two rapporteurs on the United Nations Group of Experts on Geographical Names (UNGEGN) for the next four years.
- **Heather Doughty**, Senior Landonline Application Specialist, was recognised for her significant years of dedication to the public service with a State Services Commissioner's Commendation for Frontline Excellence.
- **Mike Morris**, Principal Cadastral Surveyor, was honoured by Survey and Spatial New Zealand (previously known as New Zealand Institute of Surveyors). They elected him a Fellow of their organisation.
- **Geoff O'Malley**, Principal Advisor Geospatial Capability Building, was recognised with an Outstanding Contribution to Spatial Award at the 2018 New Zealand Spatial Excellence Awards for his expertise in his work.
- **Michael Green**, Data Analyst Crown Property, won the New Zealand Storytelling with Maps Contest with his university dissertation exploring the Malaysia Airlines Flight 17 incident over the Ukraine. We supported Michael with his studies and he now applies his GIS skills to our work in the Crown estate and Mackenzie Basin.
- **James Barnett**, Senior Advisor Digital Communications and Marketing, received an Award of Merit under the non-profit campaigns category at the 2019 International Association of Business Communicators (IABC) Gold Quill Awards for our work promoting the 2018 New Zealand Spatial Excellence Awards.

## Improved engagement with our people

We gain insights into organisational health and staff engagement through our annual LINZ people survey, Urupounamu, and this year we achieved 80 percent participation. This year's survey results show that our staff engagement is 72 percent and it continues to rise. We rate 10 percentage points above the public sector benchmark in this area.

The results show our people have increased their understanding of their roles and responsibilities, have a more positive perception of the way our remuneration structure compares with the wider market and they appreciate the value provided by our external suppliers. The results also show us areas for improvement. Our people told us we could better manage the way we deliver technology initiatives. We considered this as part of our IT operating model review, which is now complete. We are now implementing the recommendations from the review, which is focused on building our IT capability.

We negotiated and settled a new Collective Employment Agreement with the Public Service Association in 2018. There was a focus on building a more collaborative working partnership between us and the union to enable working together to resolve issues and concerns that arise.

We have also made considerable progress this year on initiatives focused on fairness, equity and flexibility to improve our people's wellness. Achievements were:

- designing and implementing a new remuneration framework to fairly reward people for the work that they do
- providing flexible leave so our people can buy more annual leave to better balance work and personal commitments
- providing leave and support for victims of family violence in advance of changes to legislation
- convening a joint LINZ-PSA gender pay gap working group to develop an action plan to address gender pay inequalities.



## Looking after our wellbeing and safety

We are committed to providing a safe and healthy work environment for all our people. Our organisational wellbeing and safety framework was reviewed in June 2017. A follow up review was completed in November 2018 and it concluded our wellbeing and safety has significantly improved. We are now considered to be A Performing Business under the SafePlus performance requirements.

The review recommended opportunities for further improvement in the following four areas:

- developing a hierarchical critical risk action plan
- developing a mental health policy
- implementing an online health and safety management system
- reviewing the contractor procurement process.

In response to these recommendations the following initiatives are under way.

- We established a mental wellbeing working group, which has drafted a Mental Wellbeing Strategy outlining our commitment to a workplace where all our people can flourish. We asked our people for their views on the strategy and it will be finalised next year.
- We piloted mental health training with people managers, with a wider training programme planned for next year. Additional resources will be available on our intranet and there are activities planned for Mental Health Awareness Week 2019.
- We selected an online health and safety management system that will improve our reporting and allow trend analysis. This will enable our leaders to better manage incidents and hazards, register and manage the associated risk, and support the way we plan for work out in the field.
- We had an external audit review of health and safety practices of our third-party providers. We will be working on the findings of the review during 2019/20.

## Supporting diversity and inclusion in our workplace

We know that diversity brings strength to the organisation. It is inherent in our Stronger Together organisational value. We have and encourage staff-led networks that support our people to be themselves.

As part of the 2018 Urupounamu survey, we gathered feedback on our people's view of diversity and inclusion in the organisation and how we can build a better workplace for our people. The overall theme was that we need to broaden our approach to diversity and inclusion by integrating it more comprehensively through a people and culture strategy.

We are developing a framework, Manaaki Tāngata, to guide our people and culture initiatives. There are six foundation principles.

### Manaaki Tāngata foundation principles

- 1 Kotahitanga**  
Bringing our diverse people together in unity and connectedness.
- 2 Whakamana**  
Empowering and enabling all our people to contribute, particularly through validation and inclusion of their different perspectives.
- 3 Whakapiki**  
Uplifting and supporting the capability of our people to make their best contribution.
- 4 Manaakitanga**  
Demonstrating respect, generosity and care for our people in ways that enhance their overall wellbeing.
- 5 Whakakaha**  
Our leaders ensure their people have development options that strengthen their capability, enabling them to make more valued contributions.
- 6 Whakapakari**  
Individuals make the most of the development options available to strengthen their own capability to be successful at LINZ.



Manaaki Tāngata is based on elements of Mātauranga Māori and describes how we expect our people to lead, work together and grow to enable their best contribution as public servants. Manaaki Tāngata has an emphasis on us maturing as a diverse and inclusive organisation and increases the focus on developing capability to achieve our outcomes.

As we move through our transformation programme, the foundation principles of Manaaki Tāngata will inform and guide the work we do and how we work together.

We support our employee-led Women in Leadership (WiL) network which helps women to achieve their goals at work and in their careers. WiL provides opportunities for our people to network, build leadership skills and support diversity and inclusion.

There were several events throughout the year including panel discussions and guest speakers, for example, 'The Biased Mind: Uncovering the Conscious and Unconscious Biases in Thinking' and 'Kindness and Empathy in Leadership'. The highlight of the year was our celebration of Suffrage 125, with the film *My Year with Helen*. Director Gaylene Preston joined the attendees for questions and answers.

Our whānau groups promote using and celebrating Māori language and culture in our workplace. Activities include creating spaces to practise Māori language and culture, and organising festivities for events like Matariki and Te Wiki o te Reo Māori.

We support the establishment of Pasifika groups and a support network for parents of young children.

## Improving our capability for iwi and Māori engagement

As a government agency, we are expected to lead the way in demonstrating our understanding of tikanga Māori and meeting our obligations under Te Tiriti o Waitangi. Our role, especially as a steward of Crown land, requires us to support the Crown to uphold its commitments and obligations. Effective engagement with iwi and Māori is an essential part of achieving this.

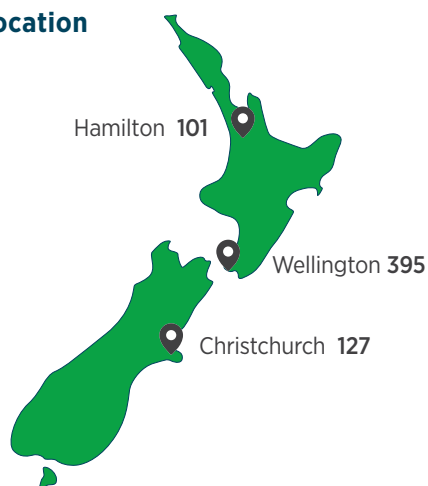
Our name, Toitū te Whenua, is a reminder of our organisation's whakapapa: where we have come from, who we are and the legacy we leave for future generations. As we change the way we work, we also need to equip ourselves for meaningful engagement with iwi and Māori.

We have developed a training programme, He Pikinga (to ascend or climb), to lift the capability of our people in tikanga and te reo Māori. Our people in the Wellington office participated in the first training programme and we are delivering it in our Christchurch and Hamilton offices during 2019/20. This is the start of a broader programme designed to engage meaningfully and effectively with iwi and Māori. We will deliver an advanced programme during 2019/20 for staff who engage with iwi and Māori. It will also be open to staff who want to do it as part of their personal or professional development.

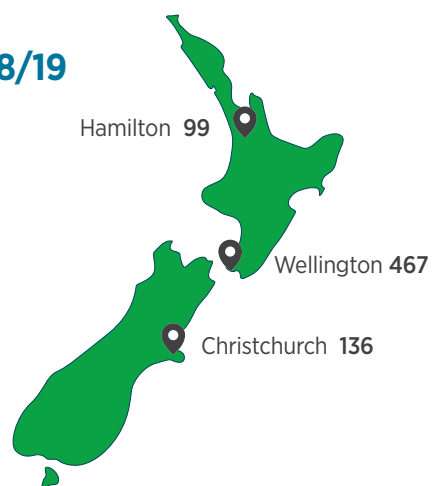
Our course materials align with the guidance and expectations in the Māori language strategy *Maihi Karauna* and the language, culture and engagement ideals from the Office for Māori-Crown Relations, Te Arawhiti. We look forward to continuing this work and strengthening our capability to engage with iwi and Māori and to fulfil our Treaty obligations.

## Our demographics

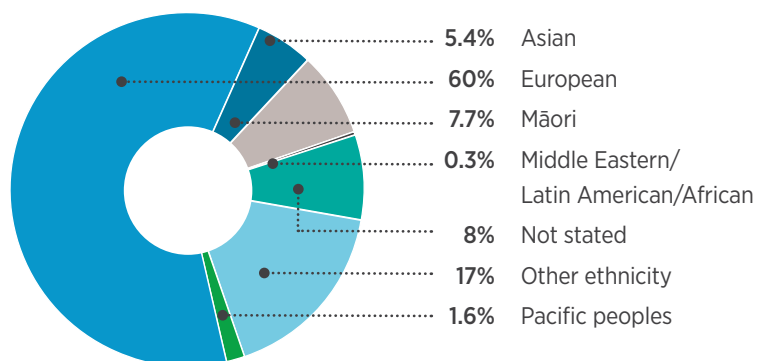
### Headcount by location 2017/18



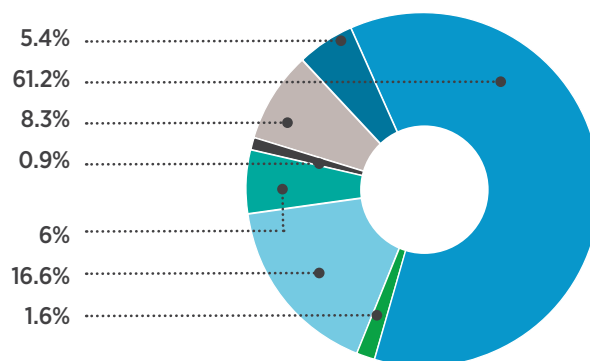
### 2018/19



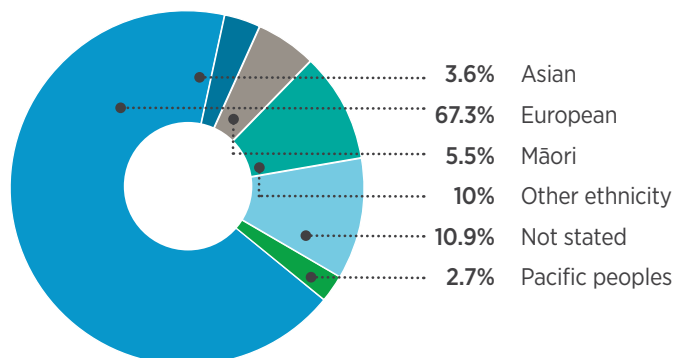
### Staff ethnicity 2017/18



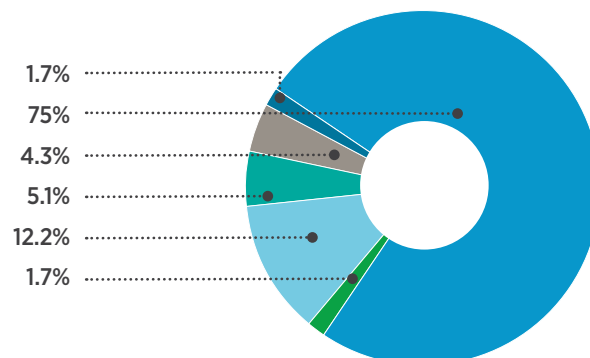
### 2018/19



### Manager ethnicity 2017/18



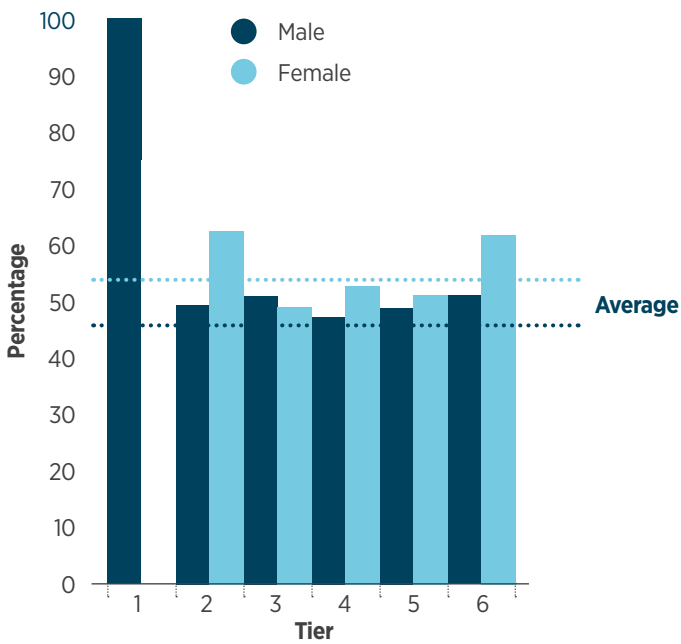
### 2018/19



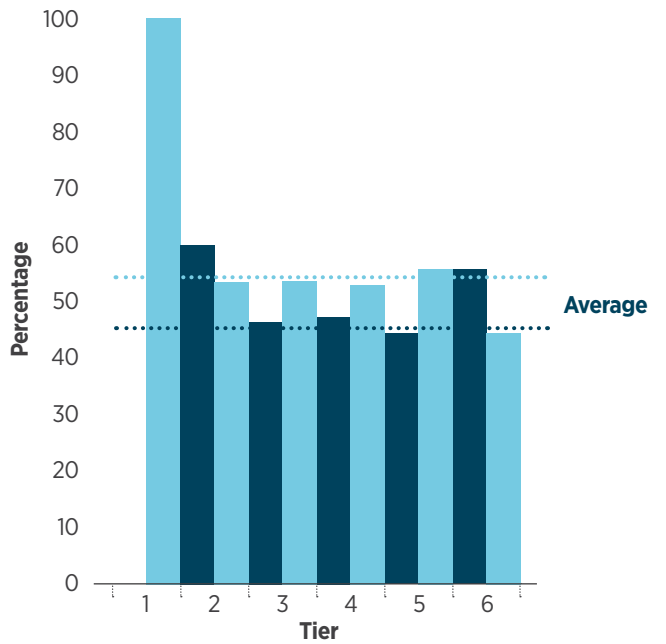


## Our demographics

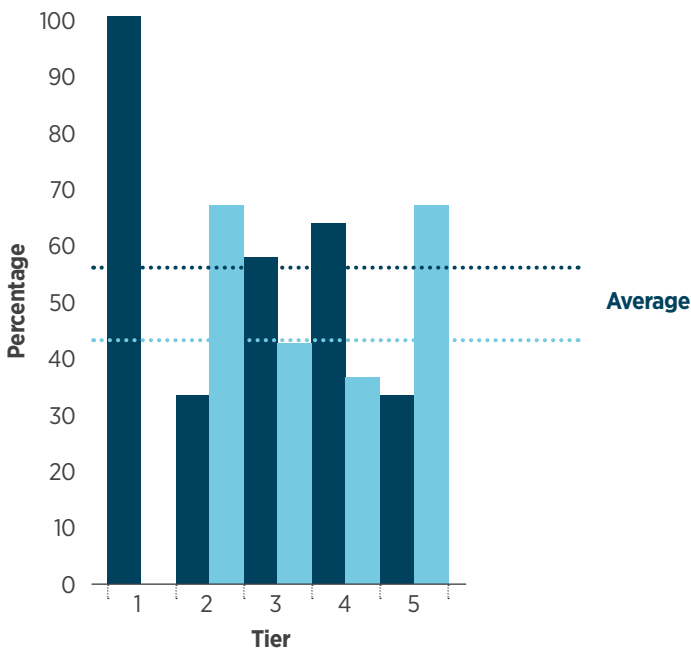
**Staff gender, by tier**  
**2017/18**



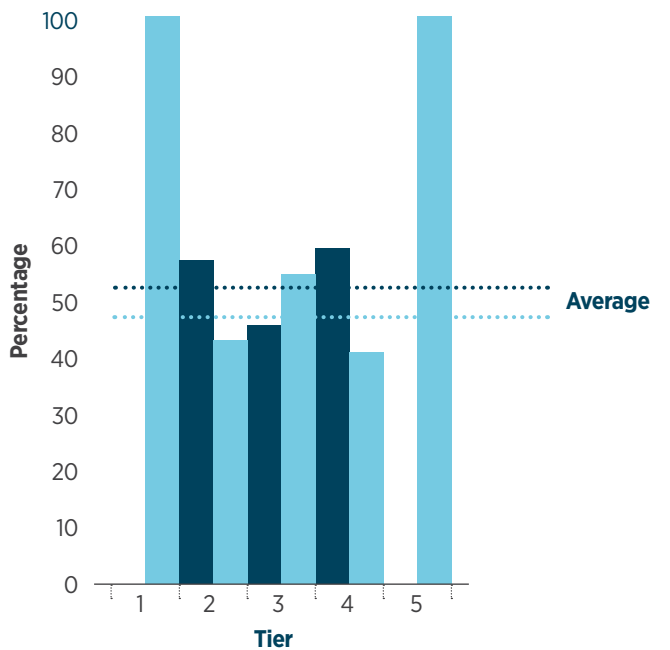
**2018/19**



**Manager gender, by tier**  
**2017/18**



**2018/19**

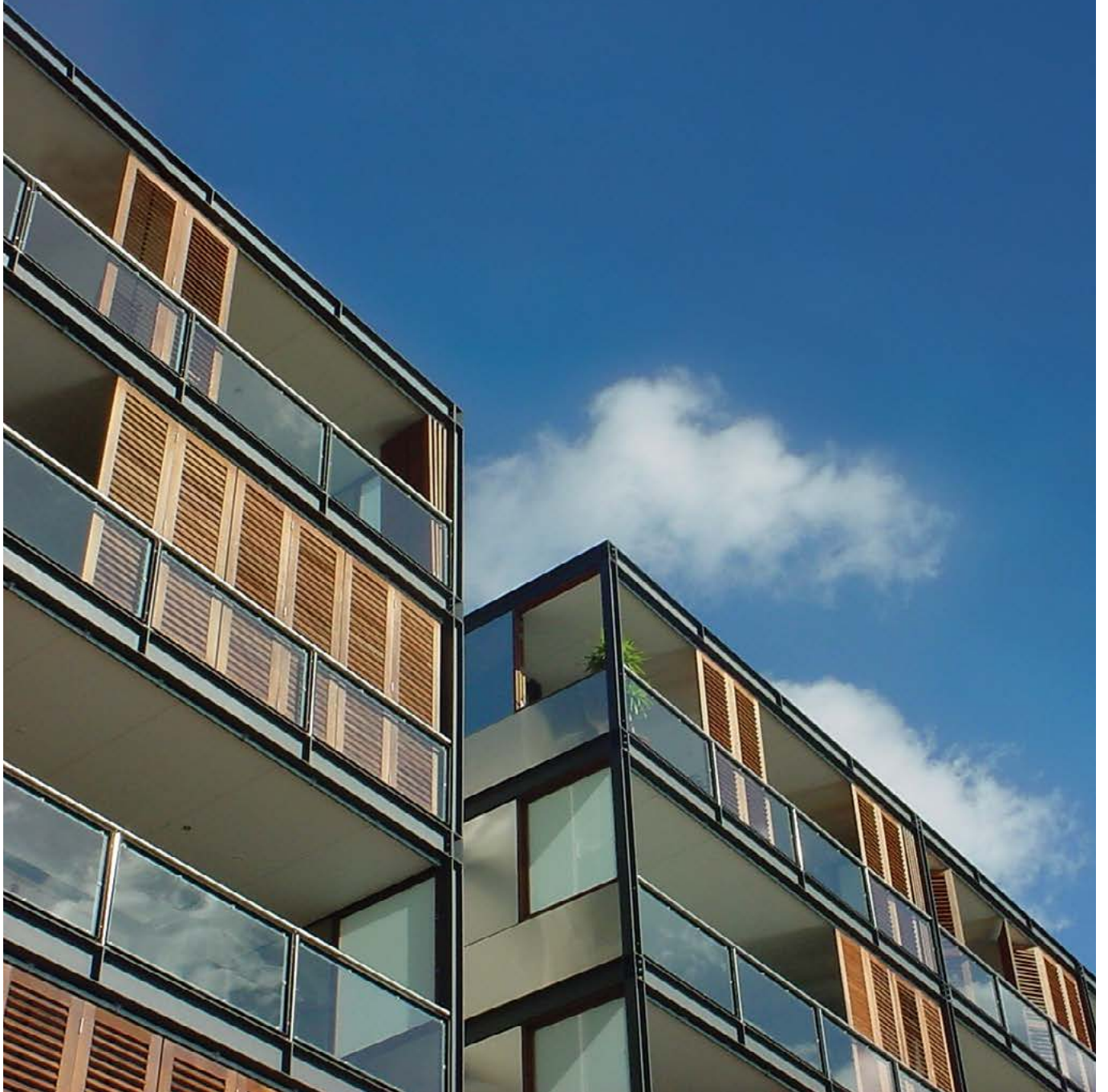


---

---

	2017/18	2018/19	Public service June 2018
<b>Average age</b>	44	43	46
<b>Average length of service (years)</b>	8.6	7.3	9
<b>Gender pay gap</b>	11.8%	10.1%	12.2%

# Our outcomes





## Outcome 1: High-value geographic and property information



High-value geographic and property information is important to effectively address challenges for New Zealand, improve outcomes for Māori and deliver significantly higher-value national and local public services. We focus on making geographic and property information accurate, relevant, usable and connected so all New Zealanders can benefit from the power of where. High-value geographic and property information helps answer important where questions. Where to build new schools and hospitals? Where are flood-prone areas? Where to plant new forests? Where are there environmental opportunities and risks?

### Establishing a national elevation dataset

We are expanding the national coverage of elevation data using LiDAR (Light Detection and Ranging): airborne laser scanning that produces highly accurate 3D mapping. Accurate elevation data supports critical infrastructure investment decisions, urban and land use planning, construction and engineering design, and helps communities and industries prepare for the consequences of climate change.

In October 2018, the Government announced that \$19 million is available from the Provincial Growth Fund to co-fund LiDAR elevation data capture over five years. Our role is to coordinate the funding allocations and provide technical support for data capture programmes to ensure national consistency and open data access. Under the initiative, regional councils and unitary authorities can apply for co-funding to procure LiDAR elevation data either individually or in partnership.



In 2018 the Government announced up to **\$19 million** available to co-fund LiDAR over next 5 years

In May 2019 we announced that \$14 million of the overall \$19 million was allocated in a first tranche of co-funding to eight regions: Waikato, Bay of Plenty, Hawke's Bay, Tasman, Marlborough, Canterbury, West Coast and Southland. The LiDAR capture proposed in these eight regions will provide data for more than half of New Zealand's land area. At the completion of the project around 80 percent of New Zealand's land area will be covered.



### Improving the accuracy of satellite-based positioning information

Together with Geoscience Australia, we trialled a Satellite-Based Augmentation System (SBAS) to improve the accuracy of satellite-based positioning technology (such as GPS). Improved accuracy helps guide health and safety services, and results in environmental and economic benefits. It increases our productivity, secures our safety and propels innovation.

Budget 2019 provided \$1.992 million for us to further investigate ways to deliver a regional SBAS, with Geoscience Australia. This work is now under way. The investment in a SBAS strongly aligns with the Government's priority to support a thriving nation in the digital age through innovation, and social and economic opportunities. We expect a regional SBAS to deliver economic benefits to the value of NZ\$7.7 billion to Australasia over the next 30 years, with NZ\$1.5 billion accruing to New Zealand.

## Preparing for and responding to emergencies and climate change

Accurate geographic and property information is critical for decision makers to prepare for and respond to emergency and climate change events. We have taken a sector leadership role to ensure high-value data is open and accessible. Working with organisations with a role in emergency management, we identified 12 key datasets critical to decision-making in the four stages of emergency management: risk reduction; readiness; response and recovery; and planning for the consequences of climate change. We are collaborating with the owners of these datasets to ensure the data is accessible and available to support emergency management. Together we have developed an improvement plan for each dataset.

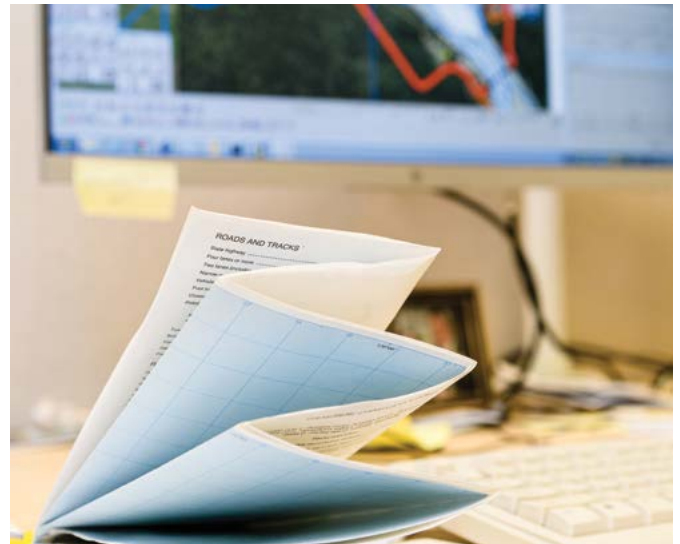
In parallel, we are working with the Department of Internal Affairs on the <http://data.govt.nz> platform to enhance its usability and to make it easier to discover natural hazard and other emergency-related datasets.

## Marlborough Sounds survey partnership

Since October 2016, we have worked in partnership with the Marlborough District Council, using NIWA's state-of-the-art technology, to collect nearly 44,000 hectares of seabed data in the Queen Charlotte Sound/Tōtaranui and Tory Channel/Kura Te Au. The partnership builds on our formal responsibility as New Zealand's Hydrographic Authority to provide accurate nautical charts to support safety of life at sea. Together with the Marlborough District Council we launched the survey's findings in August 2018. We used more than five billion data points to produce an extensive new catalogue of navigational charts, seabed maps and 3D images, giving the most detailed picture of the physical and biological features underneath coastal waters of any region in New Zealand.

The data collected is available through New Zealand Ocean Data Network (NZODN) website, <https://nzodn.nz> to help iwi, scientists, boat users, government agencies and the public better understand the Marlborough Sounds marine environment and physical features within these waters.

By working together, we were able to share knowledge and benefits, expand the scope of survey work and limit the impact on the local marine environment through one coordinated project.



**44,000 hectares**  
of seabed data collected using  
state-of-the-art technology

## Releasing the potential of marine geospatial information

Many organisations in the public and private sector collect marine geospatial information for multiple purposes. We are taking a leadership role in the marine geospatial system to enable this wealth of information to become more open and accessible. In February 2019, we held the inaugural New Zealand Marine Geospatial Working Group meeting. It brings together a community of marine geospatial data holders and users to increase the use of high-value geospatial marine information. We are coordinating a stocktake of marine geospatial information as the first step to releasing its potential for users.

We collect hydrographic information to provide mariners with navigational safety products and services. There is growing international acknowledgement that this information can be used more broadly in the marine geospatial system. The information is useful for marine research, aquaculture development, and for resilience planning for natural events and the consequences of climate change.

## Developing our next generation

To enable New Zealand to continue to grow its geospatial capability we have established Geographic Information Science (GIS) Tertiary Scholarships to encourage and support students taking GIS-related studies. The recipient of our first postgraduate GIS scholarship was Matthew Darling (University of Canterbury). Matthew's thesis explores how big data and geospatial information can produce new tools to help locate transient populations, such as international visitors, during a crisis. We awarded undergraduate GIS scholarships to Myra Belkot (University of Canterbury), Katherine Martin (Massey University) and Marcus Murray (University of Otago).

We continued our virtual field trip programme with primary and secondary school students with the support of CORE Education and the Ministry of Education. Our June field trip had a Tuia 250 theme: Matariki and Navigation – Kupe, Cook and Today. It looked at the skills and knowledge of the peoples who discovered and founded Aotearoa New Zealand. This was our most popular field trip to date, with 347 classes registering and 10,000 students participating from all over New Zealand. We held two more successful Map My Waahi virtual field trips in August 2018 and June 2019. More than 7,000 students were introduced to mapping concepts, tools and historical imagery to create their own maps and stories.

Together with the Spatial Industries Business Association we co-funded the publication of a young spatial professional profile in the July 2018 Leaving School magazine. More than 90,000 senior students in every secondary school in New Zealand received the free magazine, promoting career and tertiary study options.

## Statistics



### LINZ Data Service Data

Total number of downloads	<b>130,902</b>
Total size downloads	<b>27.1TB</b>
New customers	<b>13,207</b>
Total customers	<b>63,291</b>
New datasets	<b>63</b>



### Mapping Data

<b>22</b>	new edition paper hydrographic charts published – includes two new charts
<b>55</b>	new edition electronic nautical charts published – includes four new charts
<b>109</b>	updated topographic map sheets



## Outcome 2: World-class property system



Having confidence in land ownership and the ability to use it for borrowing is critical to people in New Zealand. Ensuring New Zealand has a property system that New Zealanders trust when making personal or business decisions about buying a home or property investments is a core part of our business. We have two main roles in how the system operates. First, in system design, ensuring it is built for growth and changing needs. Second, in system delivery, maintaining the public's confidence in fundamental property rights.

### Rebuilding Landonline for the future

Landonline is the technological base to our world-class survey and title system that underpins all property transactions in New Zealand. Landonline needs to be future proofed against its ageing technology. Rebuilding Landonline will improve our ability to respond to changing customer needs and ensure everyone meets their regulatory requirements. Also, the risks to the integrity and continuity of the property system will be reduced.



**\$128 million**

funding approved by Cabinet to progress the rebuild of Landonline

We received approval from Cabinet to progress the rebuild of Landonline. The work programme is funded from a \$95 million repayable Crown capital injection and \$33 million from our capital reserves (primarily sourced from depreciation) over five years. The rebuild will be completed in four tranches using Agile delivery methodology with a blend of in-house and New Zealand-based IT professionals. A single stage business case for each tranche must be approved by Ministers before funding is released.

We are taking a considered and staged approach within each tranche of the rebuild. We will complete work in small increments in tandem with continuous engagement and customer feedback from stakeholders. This will enable us to demonstrate the direct value to customers and keep the confidence of core stakeholders during the rebuild.



The first tranche has started and is focusing on delivering early wins for the customer, such as the ability to search, order and pay for LINZ products through any device. Customers will also be able to connect their systems to Landonline through Application Programming Interfaces (APIs). We will complete this first tranche by the end of June 2020, which then sets the foundation for more challenging work in subsequent tranches.

The Landonline rebuild will be finished in 2024. The improvements will ensure New Zealanders can continue to have confidence in the property system well into the future.

## Transition to the Land Transfer Act 2017

The Land Transfer Act 2017, which came into effect on 12 November 2018, modernised the legislation for registered land ownership in New Zealand. It simplified the previous legislation to make it more accessible and has enabled the electronic management of the land register.

This was the largest land registry system change we have delivered since the implementation of the Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002. Enacting the Land Transfer Act 2017 involved extensive updates to Landonline and the creation of a new set of regulatory interventions. At the same time there was a large amount of additional work planned in Landonline.

Our focus was to ensure our customers, stakeholders and staff were well supported to embed these legislative changes seamlessly, while minimising any disruptions to the planned work in Landonline. To do this we developed and ran a detailed implementation project which involved:

- working with the Parliamentary Counsel Office and an external technical working group to develop the Land Transfer Regulations 2018, which came into force with the Act
- consulting with the public and stakeholders on the proposed regulations. The feedback helped develop the resources and forms people now use to meet the regulations. This included new regulatory interventions; paper and electronic forms; six standards; 13 guidelines; and two directives
- holding educational seminars and webinars with lawyers and conveyancers through the New Zealand Law Society's and Auckland District Law Society's continuing legal education programme. These seminars were supported by published papers
- training our teams who administer the new legislation
- updating all statutory references and existing forms in Landonline. We introduced new instruments and changes were made to some certification requirements
- updating more than 230 pages on our website which referred to the Act and related forms, processes and standards.



Overall, the move to the new legislative framework was successful. This was due to taking a partnership approach with our stakeholders. The New Zealand Law Society gave positive feedback on the education and training we provided.

## Updating the Cadastral Survey Rules

The Surveyor-General commenced a review of the Rules for Cadastral Survey in 2017. The rules set the standards that licensed cadastral surveyors must follow when surveying land. Significant changes are proposed to reduce the cost of many types of survey and enable better use of modern technology. Consultation on proposals for change was completed this year. We, in liaison with the Parliamentary Counsel Office, began drafting the new rules.

## Reviewing Māori freehold land valuation guidance

The Valuer-General is reviewing the Māori freehold land guidance. This guidance sets a range of adjustments or discounts that can apply to Māori freehold land for rating valuation purposes. While undertaking the review, we and the Valuer-General consulted with valuers, councils and Māori freehold landowners. In addition to the existing up to 15 percent discount, the revised guidelines propose a further lump sum discount to recognise additional administration costs incurred when selling Māori freehold land. The revised guidelines will significantly increase the impact of discounts on Māori freehold land rating valuations, especially for lower-value properties where the lump sum adjustment will result in a large overall percentage change in value. We will distribute the new guidelines to councils in time for the 2019 revaluation round.

## Outcome 3: Making best use of the Crown Estate



As the stewards and guardians of New Zealand's Crown land, we must ensure the way we manage this asset delivers the greatest benefits to all New Zealanders: for today and for the future.

### Managing our land portfolio

As we aim for the best management and use of the Crown estate we need to move from being land administrators to strategic asset managers.

The findings from our Asset Management Maturity Assessment informed the development of an asset management business improvement roadmap for the next three to five years.

We are developing strategic portfolio asset management plans for each category of property assets, including Landbank and pastoral land. The plans will have common features such as data and information, maintenance and management of investment options, engaging with stakeholders and ensuring transparency in decision-making.

We have also developed our IT systems strategy to improve the quality of information about the properties we manage and the analytics we need to make decisions. We rationalised existing IT systems and have aligned those systems with our asset management requirements.

In April 2017, the Government issued its Expectations for Good Regulatory Practice, which guides our regulatory and stewardship responsibilities. This year we completed our first assessment of the Crown pastoral land regulatory system. Along with the Government's consultation on Crown pastoral land management, it sets the policy direction and improvements that the Government is seeking to ensure the effective management of Crown pastoral land.

Budget 2019 increased our baseline funding by \$52.138 million over four years to progress work, with other government agencies and stakeholders, in five of our priority areas.

- Address maintenance issues and meet the healthy homes standards in properties in Te Tiriti o Waitangi Landbank.
- Prepare up to four industrial-scale properties in preparation for Tiriti o Waitangi settlements.

- Improve pastoral lease management by increasing the frequency and robustness of monitoring and compliance information.
- Improve biosecurity in the lakes and rivers we manage by increasing control programmes.
- Establish a nature reserve at Watts Peninsula, Wellington with the Wellington City Council and local iwi.

We are establishing a more direct relationship with our tenants and lessees to better understand the properties we manage. For Crown pastoral leases, we are increasing the frequency of site visits and inspections from 2019/20 and we will lead these. The information we get will inform our asset management planning, and monitoring and assurance role.

We reviewed and extended our services to government agencies in property management, disposals and demolition management. We are working with other agencies to expand the range of properties being managed.

We have a key role in ensuring that there is an effective system for Crown agencies to recycle property. This year our Property Clearances team made about 1,900 statutory decisions about land to advance public works while protecting private rights. We managed 59 property disposals on behalf of other government agencies, of which more than half were sold to other government agencies, former owners or set aside for future Tiriti o Waitangi settlements in the Landbank. The total sale value in 2018/19 was \$36.2 million.



Budget 2019 increased baseline funding by **\$52.138 million** to progress work in five of our priority areas



## Improving connections with our stakeholders

Relationships with our stakeholders are crucial for us to meet our outcome of managing Crown land that delivers the greatest benefits to all New Zealanders.

We held our annual Crown Property Forum in April 2019. It continues to be an important way for stakeholders and experts to get together and discuss current issues and opportunities. Around 160 experts from different organisations and locations, including presenters from the Queensland Department of Natural Resources, gathered to discuss the theme *Whatungarongaro te tangata, toitū te whenua* – People come and go, but the land remains.

Multiple stakeholders have significant and varied interests in the management of the South Island high country. The High Country Advisory Group, set up in August 2018, brings together independent experts reflecting different stakeholder interests to advise us about land use and ownership. Stakeholders are positive about the forum and it is proving invaluable as we move through legislative and operational reforms.

Our participation in the Mackenzie Basin Alignment Group, along with the Department of Conservation, Environment Canterbury, and Waitaki and Mackenzie District Councils, continues. We work together to share information and align policy and regulatory involvement in the Mackenzie Basin. We created a common platform of maps and datasets to enable more information to be available to landowners and decision-makers in the Mackenzie Basin. All agencies have been involved in supplying data and we continue to consult with agencies to further refine the information platform.

Alongside these forums, we are connecting with individuals through our quarterly High Country Matters newsletter. We sent our first email newsletter to more than 3,000 recipients and had a 70 percent open rate. This is our most successful response to any email newsletter we have produced. We will continue to use the newsletter to update stakeholders on the work we are doing to improve our stewardship of Crown pastoral land, both operationally and as a regulator.

We recently joined Te Manahuna Aoraki conservation project. It aims to protect one of New Zealand's most iconic high country landscapes from the impact of pest species, and then restore and enhance it for future generations. Focusing on the upper Mackenzie Basin,

including Aoraki/Mount Cook National Park and the glacier-fed lakes of Pukaki and Tekapo, the project will enhance biodiversity and protect more than 20 threatened species, including the kaki (black stilt). We are part of the collaborative effort between local iwi, the NEXT Foundation, the Department of Conservation, the New Zealand Defence Force, local leaseholders and other philanthropic investors. We are contributing to the removal of wilding conifers and have begun removing rowan trees from Crown land in the project area. We will be collaborating with the Department of Conservation for the data management of the project.



## Knowing the Crown's land

We manage a diverse range of land and properties on behalf of the Crown, either in perpetuity, or for a specific purpose or expected timeframe. Other guardians of Crown land include the Department of Conservation, local authorities and other government agencies. To make better decisions about the land we need greater understanding of ownership and how the land is being used.

The release of the prototype of the Central Record of State Land (CRoSL) is a significant milestone. Having this information centrally recorded will improve the efficiency of land transactions and significantly reduce the amount of time and money spent on researching land ownership.

During the development of this innovative software application, we engaged with 13 central government agencies and three territorial authorities to understand their needs for a central record. We used this information to develop the business requirements and policy, as well as to gauge the quality of the information required to populate the central record. We will deliver the full solution during 2019/20.

## Outcome 4: Safeguard New Zealand's interests in sensitive assets



New Zealand values its land and assets but also needs responsible overseas investment to prosper. We ensure committed and responsible overseas investors bring real benefits to our country and contribute to the wellbeing of New Zealanders. Our regulatory work contributes to more homes and jobs for New Zealanders, thriving companies and industries, and protects the places New Zealanders treasure. As a result, our communities are better placed for a successful future.

### Successful implementation of the Overseas Investment Amendment Act 2018

The Overseas Investment Amendment Act 2018 took effect on 22 October 2018. The Act introduced new application pathways for overseas investors: One Home to Live In and large-scale residential development. It also introduced a more streamlined test for forestry applications.

To ensure we were ready for these changes, we established two new teams to assess these new application pathways. The new application teams responded successfully to applications under the new pathways, with all decisions made within agreed timeframes. We established a monitoring and intelligence team to monitor and quickly detect any non-compliance of post-consent conditions imposed on our investors.

Proactive external engagement with stakeholders was critical for a smooth transition to the new regime given the nature of the changes and the pace with which they were introduced. In our communications, we focused on three key audiences.

- Investors/applicants: we aimed to build a culture of balanced transparency about the application process.
- Industry associations: we presented to industry associations about the changes and the impact on them.
- Other agencies: we continued to build relationships with relevant agencies to share information and discuss the issues that emerged because of the legislative changes. An example of this is our successful relationship with Te Uru Rākau (Forestry New Zealand), with which we share statistics and trends for foreign investment in forestry.

### Ensuring high quality overseas investment

Improving our understanding of investors' needs, the context they are operating within and how they experience interactions with us has been instrumental for us to be a responsive, transparent and smart regulator. In parallel, we continued our work to improve investors' understanding of, and compliance with, the Overseas Investment Act 2005, pre-and post-application.

To assist investors, we run pre-application meetings with potential applicants and provide up-to-date templates and resources to ensure we receive high quality applications. This year there were 61 pre-application meetings that resulted in applications. We provide further useful information and commentary in our quarterly The Periodical newsletter to our stakeholders.

We continued to develop and leverage strong regulatory and intelligence partnerships across government to ensure we are identifying risks, working as effectively as possible and maximising benefits to New Zealand.

These initiatives will improve delivery of our core business and will enable us to achieve outcomes that matter to New Zealanders and investors by:

- safeguarding New Zealand's sensitive assets for current and future generations through leading regulatory practice
- influencing New Zealand's international standing by being transparent, responsive and decisive
- holding investors accountable for delivering the benefits they have committed to as part of their investment.



### Improved monitoring and enforcement

Our increased focus on monitoring and enforcement shows we are shifting our regulatory approach to proactively holding investors accountable for delivering the benefits they have committed to. Our monitoring and enforcement functions also ensure investors apply for consent when required, as well as provide truthful and complete information about themselves and their investment plans. The increase in compliance staff has resulted in the increased enforcement actions that we completed over the past 12 months.

Our priority areas for enforcement action are:

- assets purchased without consent, especially where we suspect an overseas person makes a significant gain
- investors who do not deliver on key benefits
- breaches involving assets of significance to New Zealand due to the cultural, historic, social or environmental value, or where the asset represents a material part of an industry or sector.

## In 2018/19



### Monitoring

- 341** consent obligations monitored
- 115** incidents investigated
- 36** enforcement actions taken



### Enforcement actions taken

- 21** related to a purchase without consent
- 14** related to a breach of conditions
- 1** misrepresentation of sale without need for consent

### Enforcement in action: Agria Corporation

Overseas investors must behave responsibly with all their investments in New Zealand. Penalty proceedings were taken by our office against Agria Corporation (Agria) and Mr Alan Lai, for breaches of the requirement to remain of good character under the conditions of Agria's investment in PGG Wrightson. The High Court imposed penalties of more than \$220,000 against Agria and Mr Lai for breaching this condition. The judgment reinforces that overseas investment in New Zealand is a privilege and there are ongoing responsibilities when investing here.



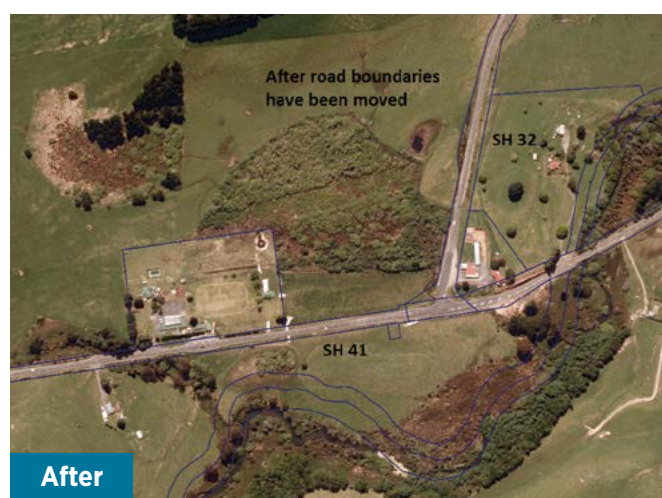
# Case studies





## Case study 1: Highway fixes – responding to our customers

Using satellite GPS navigation is common for many drivers in New Zealand. As many GPS users will know, there are instances where the vehicle locator on the screen appears to ‘wander’ away from the map. Wandering can be at least a nuisance and at worst confusing for drivers. The reason for the wandering is related to the GPS navigation system having map data that is inaccurate. In most cases, the map data originates from Landonline and the inaccuracies are a result of outdated data capture techniques.



The New Zealand Transport Authority (NZTA) uses Landonline data to help manage New Zealand’s state highway network. As part of its asset mapping work, it identified differences between the physical position of parts of the highway network (as seen in aerial photographs) and the digital representation of those roads in the data. This led to discussions with us to update the data.

In a project lasting over two years, we collaborated with NZTA to improve the digital mapping accuracy of significant lengths of state highway. NZTA contracted private survey firms to produce more than 1,000 datasets that were used to correct the spatial accuracy of the roads. Our team, located in Christchurch and Hamilton, was responsible for checking and approving the data, correcting Landonline and liaising with NZTA to manage priorities and workload.

The work made improvements to major state highways all over the country: SH 1 in the Far North, SH 2 in Waikato/Bay of Plenty, SH 8 in Central Otago, SH 35 in Gisborne and SH 60 in Golden Bay. At the completion of the project, the team had updated 15,972 land parcels relating to the affected roads and the adjacent land.

This project highlighted the demand for a specific team to address spatial discrepancies. We created the Spatial Requests Team in June 2018 to manage these requests relating to our spatial data. The team responds to requests to improve data accuracy from NZTA and other organisations as diverse as Transpower and local councils.

The project was a success not only for the improved spatial data for NZTA but also as a good example of cooperation between LINZ and our central government customers. NZTA has indicated they will request further spatial improvement work.

## Case study 2: Being a responsible property manager

Our property portfolios are diverse: from residential and commercial properties through to some of the iconic landscapes that New Zealand is famous for. We need to be flexible as we respond to different regulations, customers and management goals. As a government agency, we have the responsibility to set the best example possible for compliance with statutory and regulatory requirements.



This year we have continued our influential work with biodiversity protection, worked in partnership around tourism management and have demonstrated our commitment to our new property manager responsibilities.

### **Tackling biosecurity to protect Crown land**

A key management activity on Crown Land is our biosecurity programme to protect New Zealand's unique biodiversity values.

A large part of our work focuses on lake-weed control where we and others have management responsibilities. These include the Te Arawa lakes and Lake Karapiro in the North Island, and Lake Wanaka, Lake Dunstan, Lake Wakatipu and Lake Benmore in the South Island.

Further funding in Budget 2019 allows us to extend our control programmes to additional initiatives to protect lakes, rivers and land from invasive weeds and pests. This will enable us to continue to take a proactive approach to achieving biosecurity outcomes.

We contribute to the National Wilding Conifer Control Programme through our Wilding Conifer Information System, which is used to map and record infestations and control activities of wilding conifers. This data can help to model seed spread which aids future control work. The Wilding Conifer Information System won an international award in 2018 for its innovative ability to capture data about one of the nation's most invasive pests.

## Responsible camping

We support New Zealanders and visitors using and camping at our recreational areas, so they can enjoy the natural beauty New Zealand has to offer. These areas are popular for overnight camping as well as recreational day use by visitors and the local community.

Increased visitor numbers over the past few years has put pressure on the sites and their facilities, and has disrupted residents. We want to be a good neighbour and landowner by ensuring the areas are available and safe for everyone.

We have worked closely with the Central Otago District Council to improve facilities at our Lake Dunstan sites which include Bendigo, Lowburn, Jacksons and Champagne Gully. We have engaged a security firm to monitor the four sites every night, and the other rest stops and picnic areas around Lake Dunstan. Its role has been about educating campers on the new rules and expectations of responsible camping. Campers who are ignoring the rules are asked to move on and, if necessary, a trespass notice can be issued.

Our proactive work with the local authorities demonstrates how changes to the infrastructure and policies around responsible camping sites can have a positive impact on local communities and visitors. These changes also help to manage any adverse impacts on the land. The numbers of complaints received has dropped since the improvements and we expect this trend to continue as we head into the next camping season.

## Healthy homes

Over the last year we carried out a significant work programme to ensure our 1,000 residential tenanted properties met the new residential tenancy regulations which came into effect on 1 July 2019. Our contractors installed additional insulation where required to ensure our properties are compliant. We must meet the regulations for adequate heating, ventilation, drainage and draught-stopping by 1 July 2024.

Te Tiriti o Waitangi Landbank holds property for use in Treaty settlements and currently has approximately 400 residential properties that require healthy home upgrades. Funding in Budget 2019 ensures residential properties in the Landbank will comply with required healthy home standards and address deferred maintenance issues. The remaining residential properties are either owned by us, or are properties managed by us on behalf of other government agencies. Baseline funding from all agencies will ensure tenanted residential properties are warm and dry, and meet the standards.

### LINZ managed properties as at 30 June 2019

Region	LINZ	Client Agency
Northland	319	67
Auckland	208	116
Waikato	1,294	177
Bay of Plenty	547	34
Taranaki	252	18
Gisborne	54	38
Hawke's Bay	137	26
Manawatū-Whanganui	670	71
Wellington	159	20
Nelson	12	0
Tasman	102	9
Marlborough	84	7
West Coast	501	23
Canterbury	7,058	83
Otago	646	31
Southland	434	28
Chatham Islands	26	6
Location not mapped	523	1,037



## Case study 3: Christchurch regeneration

We are currently responsible for managing around 6,700 Crown-owned residential red zone properties in Christchurch following the disestablishment of the Canterbury Earthquake Recovery Authority in 2016. Our work primarily focuses on keeping these areas safe, secure and tidy until decisions are made about their long-term ownership and/or use. It has involved demolishing Crown-owned buildings and clearing land, day-to-day maintenance and assessing requests to access or use the land temporarily.

The residential red zone work is complex and deals with sensitive issues. These include people's former homes and communities, the city's needs and aspirations for the future and how to manage earthquake damage and natural hazards such as cliff collapse, coastal erosion and rises in the sea level. It involves managing the competing interests of local government, central government, community groups, iwi and businesses.



### Transitional uses of the land

We encourage people to bring life back to these vacant spaces, which are an important part of the fabric of the Christchurch community. We regularly receive applications to use the land for a wide range of purposes, such as community gardens, native plant restoration projects, walking trails, bee hives, as well as community events. We manage these requests to temporarily use Crown-owned residential red zone land. We assess applications on a case-by-case basis. We consult with Christchurch City Council and Regenerate Christchurch to ensure the use does not impede regeneration planning and meets health and safety requirements.

One interesting transitional use is a bee hive trial led by Gold Fern Honey, which collected its first honey in December 2018. This trial supports the growth of the bee population, which is vital for our ecosystem and our horticulture. It is also an eco-friendly project that fits well with the long-term vision of the Green Spine, the ecological and recreational corridor next to the Ōtākaro/Avon River.

### Planning for the future

The Government's focus is on returning the management of the residential red zone to local leadership in greater Christchurch. To date we have completed the transfer of around 1,000 Crown-owned red zone properties to the Waimakariri District Council and Te Kōhaka o Tūhaitara Trust. This is a step towards realising the Waimakariri Residential Red Zone Recovery Plan, which supports the area becoming an economically and socially vibrant place for the community.



## Case study 4: Overseas investment helps affordable housing

Meeting the demand for affordable housing in New Zealand, particularly in Auckland, continues to be challenging. The Government is committed to improving housing affordability and supply and overseas investment can help enable this. When investors apply for consent under the benefit to New Zealand pathway in the Overseas Investment Act 2005, we consider the relevant benefits of the investment, including whether it is likely to advance significant government policy or strategy.



A constructive working relationship evolved between AVJ Hobsonville Pty Limited (AVJennings) and the Hobsonville Land Company (HLC), a wholly owned subsidiary of Housing New Zealand. AVJennings is an Australian investor. Through this relationship AVJennings has built several housing developments in Auckland that benefit New Zealand.

The Overseas Investment Office approved AVJennings to buy land at Catalina Precinct, Hobsonville in 2014. AVJennings required consent as it was investing in sensitive land. AVJennings was instrumental in helping HLC to remain on track to meet its objectives to provide homes quickly on under-utilised Crown-owned land. As the development progressed, AVJennings fulfilled its investment consent conditions to provide annual reports on progress and notify the Overseas Investment Office of the completion of its staged development. Of the homes completed, 24 percent are for Auckland first home buyers. This result has surpassed the affordability targets of 20 percent mandated by HLC. AVJennings has now successfully completed its staged development at the Catalina Precinct.



This year AVJennings obtained another consent for a similar type of development in Orewa West on the Hibiscus Coast, north of Auckland. Its investment plan involves the staged development of land into residential housing, which will provide 575 residential homes into the housing market plus a mixed-use retail and commercial neighbourhood centre. The investment is expected to create job opportunities associated with the planned development of the land and advance the National Policy Statement on Urban Development Capacity.

Developments like Orewa and Hobsonville support government policy to increase the supply of housing, as well as offering more affordable properties to first home buyers. The applicants had to show robust investment plans that would create tangible benefits to New Zealand and New Zealanders and ensure they delivered on these commitments.

## Case study 5: Preserving our past: our taonga

The digitisation of our historical records has revealed some prized taonga, especially for those with an interest in historical geographic data about New Zealand and Antarctica.



We have preserved around 15,000 survey field books dating from the 1860s through to the 1970s, which cover the North Island land districts, and coloured imperial plans for South Auckland land district. The field books are an important historical record of the New Zealand landscape and form the basis of our modern property system. The field books, issued by the Government, were authored by some of New Zealand's first surveyors to record what they found on their journeys into uncharted areas. This information provides a fascinating insight into what early European settlers saw and experienced. There are detailed landscape drawings of mountain ranges, local rivers and streams and early railway lines. Other drawings detail the technical mapping out of boundaries for developments, roads and buildings. The South Auckland imperial plans are the first formal survey plans for the area. Surveyors still use this complete set of plans and they have great aesthetic and historical value. The original scans of these plans on Landonline were not clear and missing details. The plans have now been rescanned in high-quality colour and are available in Landonline.

These historical records are irreplaceable. We plan to send the books and maps to Archives New Zealand to be preserved as part of the national historical record and to be protected from further handling. Digitising this information makes it easily accessible to those who use them. The public can access the images through our website <https://linz.govt.nz>.

### Valuable insights of Antarctica

Buried in the pages of the Antarctic field books, dated from 1957 to 1976, were early photographs showing the landscape in which the surveyors were working, including photographs of Jeremy Sykes Glacier and Alberich Glacier. The Antarctic surveyors' field books begin in 1957, the year New Zealand started the formal Antarctic programme. The books are a unique first written record of the landscape and the data in them was used for early Antarctic mapping. The people who did the original surveys worked for Lands and Survey, our predecessor, and we have continued to update the information. We still create Antarctic field books today.

### Hawke's Bay pre-1931 earthquake

We included 150 books from the Napier New Zealand Institute of Surveyors in the digitisation project. These books date from before 1931 and provide a comprehensive record of Napier and Hawke's Bay prior to the 1931 Hawke's Bay Earthquake. The original Hawke's Bay district field books were destroyed when the Napier Lands and Survey Office burned down in the fires following the earthquake, making these a unique set of records, which contributed to the reconstruction of the boundary network.

### Progressively improving the customer experience

Developing the original version of Landonline required compromises around image size and quality. The first digitisation of the colour plans was often in black and white and of variable quality.

We are re-digitising, as part of our normal business process, the colour plans to create high resolution colour images of plans to improve the usability of the underlying data. These updated images will be available on Landonline.

This reflects our commitment to incrementally improving the customer experience, while also improving access to our data and being smart about investment. Over the last year we have completed, and replaced in Landonline, 8,344 colour plans for land districts across the North Island.



# Our performance reporting

This section presents our delivery of outputs against the performance measures set out in the Estimates of Appropriations for **Vote Lands 2018/19**.

The Estimates of Appropriations are available from the Treasury's website at <https://treasury.govt.nz/publications/budgets/budget-2018>

Unless otherwise specified, financial information in this section relates to departmental funding.



## Hydrographic survey (Multi year appropriation)

This appropriation is intended to achieve the collection and analysis of location-based information from marine, coastal and related environments.

### Performance measure

**Measure:** New information from hydrographic surveys is available on charting products within 12 months of acceptance.<sup>1</sup>

2017/18 Performance	Budget standard	2018/19 Actual
		

<sup>1</sup> For 2018/19 37 electronic nautical charts were published following LINZ commissioned hydrographic surveys. Further to this, 19 paper hydrographic charts were made available.

<sup>2</sup> Previously this measure was reported under the Location based information multi-category appropriation.

### Financial performance

#### Hydrographic survey: Multi year appropriation

Actual	Unaudited Supplementary Estimates	Actual
2018 \$000	2019 \$000	2019 \$000
- Revenue Crown	6,800	6,631
- Revenue other	3,200	2,614
- Total revenue	10,000	9,245
- Total expenses	10,000	9,245
- Net surplus/(deficit)	-	-







## Land Information New Zealand – Capital expenditure

### (Permanent legislative authority)

This appropriation is intended to achieve the renewal, upgrade and redesign of life-expired assets, and purchase of new assets in support of the delivery of Land Information New Zealand's services.

#### Performance measure

**Measure:** Capital expenditure is in accordance with the Capital Asset Management Plan.

2017/18 Performance	Budget standard	2018/19 Actual
		 

#### Financial performance

Land Information New Zealand – Capital expenditure:  
Permanent legislative authority


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
523	Property, plant and equipment	705	539
2,771	Intangibles	14,295	5,701
-	Other	-	1,860
3,294	Total expenses Departmental	15,000	8,100

## Canterbury earthquake recovery land ownership and management (Multi-category appropriation)

The overarching purpose of this appropriation is to support the recovery of Canterbury through the purchase, clearance, maintenance and management of land affected by the Canterbury earthquakes.

### Performance measure

**Measure:** Ministerial satisfaction with Land Information New Zealand's Residential Red Zone activities.

2017/18 Performance	Budget standard	2018/19 Actual
8/10	7/10	9/10 

### Financial performance

Canterbury earthquake recovery land ownership and management: Multi-category appropriation (Departmental and non-departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
7,421	Revenue Crown	5,927	5,927
-	Revenue other	-	-
7,421	Total revenue	5,927	5,927
6,528	Total expenses departmental	5,927	5,045
25,022	Total expenses non-departmental	109,812	38,136
(24,129)	Net surplus/(deficit)	(109,812)	(37,254)

### Acquisition and disposal expenses

This category is intended to achieve payment of costs incurred in acquiring and disposing of land and buildings in Canterbury.

### Performance measure

**Measure:** The number of properties acquired is in accordance with the agreed plan.

2017/18 Performance	Budget standard	2018/19 Actual
Not reported	Within 10% of the agreed plan	Not reported <sup>3</sup> 

<sup>3</sup> This measure is not reported as LINZ only acquires properties in Canterbury when instructed to by external agencies and therefore does not plan for a set number. In 2018/19 we acquired eight properties. From 2019/20 onwards LINZ will be measuring progress against this category using a different performance measure.

### Financial performance

Acquisition and disposal expenses (Departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
1,460	Revenue Crown	-	-
-	Revenue other	-	-
1,460	Total revenue	-	-
1,014	Total expenses	-	-
446	Net surplus/(deficit)	-	-


Note: At the October Baseline Update, funding from this category was transferred to the Managing the recover category.

## Managing the recovery

This category is intended to achieve the management of properties and associated issues relating to the Canterbury earthquakes.

### Performance measure

**Measure:** Ministerial satisfaction with Land Information New Zealand's Residential Red Zone activities.

2017/18 Performance	Budget standard	2018/19 Actual
8/10	7/10	9/10 

### Financial performance

Managing the recovery (Departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
5,961	Revenue Crown	5,927	5,927
-	Revenue other	-	-
5,961	Total revenue	5,927	5,927
5,514	Total expenses	5,927	5,045
447	Net surplus/(deficit)	-	882

## Clearance of built structures and associated works

This category is intended to achieve the clearance of built structures and other works deemed necessary on Crown-owned land affected by the Canterbury earthquakes.

### Performance measures

**Measure:** Clearances completed on Crown-owned properties in the flat land Residential Red Zone.

2017/18 Performance	Budget standard	2018/19 Actual
Not reported	Within 2% of the agreed plan	Not reported <sup>4</sup> 

**Measure:** Clearances completed on Crown-owned properties in the Port Hills Residential Red Zone.

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Within 10% of the agreed plan	Not reported <sup>5</sup> 

<sup>4</sup> This measure is not reported as LINZ only clears properties in Canterbury as they become available and therefore is not able to plan for a set number. Four properties became available during 2018/19 and were cleared. From 2019/20 onwards LINZ will be measuring progress against this category using a different performance measure.

<sup>5</sup> This measure is not reported as LINZ completed all clearances in the Port Hills in 2017. From 2019/20 onwards LINZ will be measuring progress against this category using a different performance measure.

### Financial performance

Clearance of built structures and associated works  
(Non-departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
729	Total expenses	1,993	612
(729)	Net surplus/(deficit)	(1,993)	(612)

## Management and clearance of land

This category is intended to achieve management of Crown-owned land in the residential red zone.

### Performance measure

**Measure:** Land clearance and treatment completed on Crown-owned properties in the flat land residential red zone.

2017/18 Performance	Budget standard	2018/19 Actual
 Not reported	 Within 2% of the agreed plan	 Not reported <sup>6</sup> 

<sup>6</sup> This measure is not reported as LINZ only clears properties in Canterbury as they become available and therefore is not able to plan for a set number. Four properties became available during 2018/19 and were cleared. From 2019/20 onwards LINZ will be measuring progress against this category using a different performance measure.

### Financial performance

Management and clearance of land  
(Non-departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
4,468	Total expenses	6,676	3,452
(4,468)	Net surplus/(deficit)	(6,676)	(3,452)




## Crown land (Multi-category appropriation)

The overarching purpose of this appropriation is to enable the best economic, environmental and recreational uses of Crown-owned and Crown-used land.

### Performance measure

**Measure:** Stakeholder satisfaction with Land Information New Zealand's Crown land performance.

2017/18 Performance	Budget standard	2018/19 Actual
7.5/10	7/10	7.5/10 

### Financial performance

Crown land: Multi-category appropriation

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
24,853	Revenue Crown	28,019	28,019
2,758	Revenue other	19,597	5,089
27,611	Total revenue	47,616	33,108
29,557	Total expenses	47,616	32,673
(1,946)	Net surplus/(deficit)	-	435

## Centralised clearance service for acquisitions and disposals

This category is intended to achieve comfort that the acquisition and disposal of all Crown land is compliant with regulatory and statutory requirements.

### Performance measure

**Measure:** The timeliness of Clearances<sup>7</sup> decisions is maintained or improved.

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Not achieved <sup>8</sup> 

<sup>7</sup> Clearances – the process for statutory compliance when acquiring or disposing of Crown land.

<sup>8</sup> The baseline was a median of 3.21 days, with 99% of decisions made within 4.78 days. For 2018/19, the median was 5.04 days, with 99% of decisions made within 5.83 days. The slight increase in the time taken to decide applications was due to reduced resourcing early in the financial year. Priority customer work was not affected.

### Financial performance

Centralised clearance service for acquisitions and disposals


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
-	Revenue Crown	-	-
767	Revenue other	1,698	585
767	Total revenue	1,698	585
1,296	Total expenses	1,698	1,085
(529)	Net surplus/(deficit)	-	(500)

## Land disposal services for other agencies


This category is intended to achieve maximum value for the Crown from property that has been assigned to Land Information New Zealand for disposal.

### Performance measures

**Measure:** Realised disposal value of properties is no less than 90% of current market value (other agencies).

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved <sup>9</sup> 

**Measure:** Average disposal time of properties is no more than 36 months (other agencies).

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved <sup>10</sup> 

<sup>9</sup> We disposed of 59 properties for other agencies in 2018/19, with a total realised disposal value of \$36.2 million.

<sup>10</sup> Average disposal time was 28.64 months.

### Financial performance

#### Land disposal services for other agencies


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
1,241	Revenue Crown	2,084	2,084
1,231	Revenue other	16,909	1,641
2,472	Total revenue	18,993	3,725
1,701	Total expenses	18,993	2,564
771	Net surplus/(deficit)	-	1,161

## Land Information New Zealand biosecurity programme

This category is intended to achieve the delivery of an effective Land Information New Zealand biosecurity programme.

### Performance measure

**Measure:** Infestation at key sites is controlled in accordance with agreed plan.<sup>11</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Within 10% of the agreed plan	Achieved 

<sup>11</sup> The infestation management plan is prepared in agreement with the National Institute of Water and Atmospheric Research (NIWA).

### Financial performance

#### Land Information New Zealand biosecurity programme


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
3,136	Revenue Crown	3,136	3,136
733	Revenue other	290	807
3,869	Total revenue	3,426	3,943
3,963	Total expenses	3,426	4,541
(94)	Net surplus/(deficit)	-	(598)

## Management of Crown land



This category is intended to achieve effective and efficient Crown land management.

### Performance measures

**Measure:** Realised disposal value of properties is no less than 90% of current market value (LINZ owned properties).<sup>12</sup>

2017/18 Performance	Budget standard	2018/19 Actual
		

**Measure:** Outstanding rent is no more than 4% of total rental revenue.

2017/18 Performance	Budget standard	2018/19 Actual
		

<sup>12</sup> We disposed of 39 LINZ managed properties in 2018/19, with a total realised disposal value of \$15 million.

## Financial performance

### Management of Crown land

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
20,476	Revenue Crown	22,799	22,799
27	Revenue other	700	2,056
20,503	Total revenue	23,499	24,855
22,597	Total expenses	23,499	24,483
(2,094)	Net surplus/(deficit)	-	372




## Location based information (Multi-category appropriation)

The overarching purpose of this appropriation is to enable location information to be widely available, easily accessible and readily used.

### Performance measures

**Measure:** Customer satisfaction with Land Information New Zealand's location based information products and services.

2017/18 Performance	Budget standard	2018/19 Actual
8.2/10	7/10	8.1/10 

**Measure:** Data released by Land Information New Zealand has been assessed under NZGOAL and appropriately licensed.<sup>13</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved 	Achieved 	Achieved 

<sup>13</sup> For more information on the New Zealand Government Open Access and Licensing (NZGOAL) framework, visit: <https://www.ict.govt.nz/guidance-and-resources/open-government/new-zealand-government-open-access-and-licensing-nzgoal-framework/>.

### Financial performance

Location based information: Multi-category appropriation


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
27,314	Revenue Crown	19,794	19,794
4,226	Revenue other	2,254	866
31,540	Total revenue	22,048	20,660
30,644	Total expenses	22,048	19,802
896	Net surplus/(deficit)	-	858

## Administration of the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa

This category is intended to achieve high-quality advice and decision making on official place names in accordance with the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008.

### Performance measure

**Measure:** New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) satisfaction with the support provided by the Secretariat.

2017/18 Performance	Budget standard	2018/19 Actual
9.6/10	7/10	9.8/10 

### Financial performance

Administration of the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
783	Revenue Crown	783	783
-	Revenue other	-	-
783	Total revenue	783	783
806	Total expenses	783	777
(23)	Net surplus/(deficit)	-	6

## Land Information New Zealand location based information infrastructure


This category is intended to achieve high-quality fit-for-purpose location-based information and associated products and services.

### Performance measures


**Measure:** Current address information is received or sought from territorial authorities at least every three months.

2017/18 Performance	Budget standard	2018/19 Actual
Not Achieved <sup>14</sup>	95%	100% 


**Measure:** The percentage of cadastral surveys that are connected to geodetic marks.

2017/18 Performance	Budget standard	2018/19 Actual
99.5%	98%	99.0% 


**Measure:** The percentage of Topo50 maps of mainland New Zealand that are reviewed and updated at least once every 7 years.

2017/18 Performance	Budget standard	2018/19 Actual
New measure	95%	99.0% 


**Measure:** Maritime hazards and critical information are notified within 1 working day.

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

**Measure:** Availability of Global Navigation Satellite System data is in accordance with agreed timeframes.<sup>15</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

**Measure:** The percentage of sea level data transmitted and received within 10 minutes.

2017/18 Performance	Budget standard	2018/19 Actual
98.8%	95%	99.0% 

<sup>14</sup> In 2017/18 the budget standard was 100%. We achieved a result of 99%.

<sup>15</sup> Timeframes vary for different data and are specified in the contract specifications supplied to the contractor.

### Financial performance

Land Information New Zealand location based information infrastructure



Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
22,933	Revenue Crown	16,213	16,213
3,749	Revenue other	2,104	866
26,682	Total revenue	18,317	17,079
24,601	Total expenses	18,317	16,136
2,081	Net surplus/(deficit)	-	943

### Leading the New Zealand geospatial strategy

This category is intended to achieve the development of an integrated spatial data infrastructure.

#### Performance measure

**Measure:** Identified key datasets are maintained or improved.<sup>16</sup>

2017/18 Performance	Budget standard	2018/19 Actual
		

<sup>16</sup> At present this measure only includes datasets key to resolving the challenge of resilience and climate change. As we progressively identify further key datasets, these will be baselined and included in the measure. Key datasets are identified and agreed with our stakeholders.

### Financial performance

Leading the New Zealand geospatial strategy

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
3,598	Revenue Crown	2,798	2,798
477	Revenue other	150	-
4,075	Total revenue	2,948	2,798
5,237	Total expenses	2,948	2,889
(1,162)	Net surplus/(deficit)	-	(91)






## Managing the overseas investment regime (Multi-category appropriation)

The single overarching purpose of this appropriation is to achieve compliance with the Overseas Investment Act 2005.

### Performance measure

**Measure:** Ministerial satisfaction with Land Information New Zealand's advice on overseas investment matters.<sup>17</sup>

2017/18 Performance	Budget standard	2018/19 Actual
		

<sup>17</sup> The result is the rating provided by the Minister for Land Information. The Associate Minister of Finance chose not to provide a rating.

### Financial performance

Managing the overseas investment regime:  
Multi-category appropriation




Actual	Unaudited Supplementary Estimates	Actual
2018 \$000	2019 \$000	2019 \$000
- Revenue Crown	3,485	3,485
- Revenue other	25,409	6,510
- Total revenue	28,894	9,995
- Total expenses	30,394	11,953
- Net surplus/(deficit)	(1,500)	(1,958)

## Administering the overseas investment regime (other than residential property)




This category is intended to achieve effective administration of New Zealand's overseas investment (sensitive asset) regime.

### Performance measures

**Measure:** Significant Business Assets applications for consent decided within 40 working days – excludes retrospective applications and applications pending investigation.<sup>18</sup>

2017/18 Performance	Budget standard	2018/19 Actual
		


**Measure:** Sensitive Land applications for consent decided within 65 working days – including benefit only; Substantial & Identifiable; and permanent residency; excludes retrospective applications and applications pending investigation.<sup>19</sup>

2017/18 Performance	Budget standard	2018/19 Actual
		

<sup>18</sup> 38 Significant Business Assets applications were decided in 2018/19.

<sup>19</sup> 78 Sensitive Land applications were decided in 2018/19. We made significant progress in reducing a large backlog of applications during 2018/19 and had less than 50 applications in progress as at 30 June 2019. We expect the remainder of the backlog to be addressed early in 2019/20.

**Measure:** Ministerial satisfaction with Land Information New Zealand's Overseas Investment performance.

2017/18 Performance	Budget standard	2018/19 Actual
6/10 <sup>20</sup>	7/10	7/10 

<sup>20</sup> Administering the overseas investment regime was restructured through Budget 2018 and incorporated into the Multi-category appropriation: Managing the overseas investment regime.

### Financial performance

Administering the overseas investment regime (other than residential property)


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
-	Revenue Crown	-	-
4,946	Revenue other	9,812	4,296
4,946	Total revenue	9,812	4,296
5,813	Total expenses	9,812	5,733
(867)	Net surplus/(deficit)	-	(1,437)

## Administering the residential property regime


This category is intended to achieve effective administration of New Zealand's overseas investment (residential property) regime.

### Performance measures

**Measure:** Applications for consent for a house to live in decided within 10 working days – excluding non-individual applicants.<sup>21</sup>

2017/18 Performance	Budget standard	2018/19 Actual
New measure	90%	100% 

**Measure:** Other applications for consent decided within 50 working days – including Forestry, New Build, Non-Residential, consents for a house to live in where there is sensitive land and/or the applicant is a non-individual; but excluding standing consents.<sup>22</sup>

2017/18 Performance	Budget standard	2018/19 Actual
New measure	90%	100% 

<sup>21</sup> 173 applications for a house to live in were decided in 2018/19.

<sup>22</sup> 50 other applications for consent were decided in 2018/19.

## Financial performance

### Administering the residential property regime




Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
-	Revenue Crown	-	-
-	Revenue other	13,709	1,620
-	Total revenue	13,709	1,620
1,075	Total expenses	15,209	3,246
(1,075)	Net surplus/(deficit)	(1,500)	(1,626)

## Monitoring and enforcement of the overseas investment regime

This category is limited to monitoring and enforcing compliance by overseas investors in New Zealand with the Overseas Investment Act 2005.

### Performance measures

**Measure:** The percentage of incidents reviewed for possible breach of the Overseas Investment Act within 10 working days of receipt.<sup>23</sup>

2017/18 Performance	Budget standard	2018/19 Actual
 New measure	 90%	 98.0%

**Measure:** The number of enforcement actions taken by Land Information New Zealand's Overseas Investment Office.

2017/18 Performance	Budget standard	2018/19 Actual
 40	 20	 36

<sup>23</sup> We reviewed 128 incidents for possible breach of the Overseas Investment Act in 2018/19.

## Financial performance

### Monitoring and enforcement of the overseas investment regime

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
-	Revenue Crown	3,485	3,485
-	Revenue other	1,888	594
-	Total revenue	5,373	4,079
-	Total expenses	5,373	2,974
-	Net surplus/(deficit)	-	1,105



## Policy advice and related services (Multi-category appropriation)

The overarching purpose of this appropriation is to provide policy advice and other support to Ministers in discharging their policy decision-making and other portfolio responsibilities.

### Financial performance

Policy advice and related services: Multi-category appropriation


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
4,064	Revenue Crown	3,643	3,643
-	Revenue other	-	-
4,064	Total revenue	3,643	3,643
3,971	Total expenses	3,643	3,623
93	Net surplus/(deficit)	-	20

### Ministerial services, appointments, implementation and operational policy

This category is intended to achieve high-quality, timely policy advice and services to Ministers.

#### Performance measure

**Measure:** The satisfaction score given by the Minister for Land Information for the quality of Ministerial support services provided by the department.

2017/18 Performance	Budget standard	2018/19 Actual
7/10	7/10	7/10 

### Financial performance

Ministerial services, appointments, implementation and operational policy


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
750	Revenue Crown	650	650
-	Revenue other	-	-
750	Total revenue	650	650
836	Total expenses	650	539
(86)	Net surplus/(deficit)	-	111

## Policy advice


This category is intended to achieve high-quality, timely policy advice and services to Ministers.

### Performance measures


**Measure:** The average rating for policy papers as assessed by the external reviewer.

2017/18 Performance	Budget standard	2018/19 Actual
7.6/10	7/10	7.28/10 

**Measure:** The satisfaction score given by the Minister for Land Information for the quality of Land Information New Zealand policy advice.

2017/18 Performance	Budget standard	2018/19 Actual
7/10	7/10	9/10 

**Measure:** The total cost per output hour of producing policy advice.

2017/18 Performance	Budget standard	2018/19 Actual
\$138.39 per output hour	Up to \$150 per output hour	\$149.18 per output hour 

## Financial performance

### Policy advice


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
3,314	Revenue Crown	2,993	2,993
-	Revenue other	-	-
3,314	Total revenue	2,993	2,993
3,135	Total expenses	2,993	3,084
179	Net surplus/(deficit)	-	(91)

## Property rights (Multi-category appropriation)

The overarching purpose of this appropriation is to ensure that property rights and information are clear, certain, easily tradable and accessible.

### Performance measure

**Measure:** Customer satisfaction with survey and title services.

2017/18 Performance	Budget standard	2018/19 Actual
7.7/10	7/10	7.7/10 

### Financial performance

Property rights: Multi-category appropriation


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
800	Revenue Crown	250	250
70,113	Revenue other	81,019	69,672
70,913	Total revenue	81,269	69,922
83,978	Total expenses	81,269	71,861
(13,065)	Net surplus/(deficit)	-	(1,939)

### Regulating valuation

This category is intended to achieve the effective and efficient regulation of registered property valuers and valuation activities.

### Performance measures

**Measure:** Valuers Registration Board satisfaction with support provided by Land Information New Zealand.

2017/18 Performance	Budget standard	2018/19 Actual
10/10	7/10	10/10 

**Measure:** The time to investigate complaints against valuers is maintained or improved.<sup>24</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 


**Measure:** Objections to rating valuations are settled in accordance with agreed plan.<sup>25</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

<sup>24</sup> The baseline was an average of 89.5 days, with 99% of complaints investigated within 230.7 days. These times were maintained in 2018/19.

<sup>25</sup> 80% settled within plus or minus 30% of original rating valuation.

**Measure:** Initial carrying capacity assessments are accepted by Crown Pastoral Lessees in accordance with agreed plan.

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

### Financial performance

#### Regulating valuation


Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
-	Revenue Crown	-	-
1,547	Revenue other	2,516	1,624
1,547	Total revenue	2,516	1,624
1,728	Total expenses	2,516	1,602
(181)	Net surplus/(deficit)	-	22

## The survey and title system

This category is intended to achieve the delivery of Landonline.

### Performance measures

**Measure:** Landonline system is available to customers in accordance with agreed times.<sup>26</sup>

2017/18 Performance	Budget standard	2018/19 Actual
99.6%	99.5%	99.9% 

**Measure:** The time for approving cadastral survey datasets is maintained or improved.<sup>27</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

**Measure:** The time for integrating approved cadastral survey datasets in to the cadastre is maintained or improved.<sup>28</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Not achieved 


<sup>26</sup> The Landonline system will be available to customers from 7am to 9pm Monday to Thursday, 7am to 7pm Friday, and 9am to 5pm Saturday.

<sup>27</sup> The baseline is an average processing time of 6.7 days, with 99% of datasets processed within 40.4 days. For 2018/19, the average processing time was 5.7 days, with 99% of datasets processed within 15.34 days.


<sup>28</sup> The baseline is an average processing time of 5.7 days, with 99% of datasets processed within 29.5 days. For 2018/19, the average processing time was 13.6 days, with 99% of datasets processed within 201.1 days. Processing time increased because we rectified some outstanding data quality issues and allocated some of our people resources to project work. The increase in processing time had no reported impact on our customers.




**Measure:** The accuracy of approved cadastral survey datasets is maintained or improved.<sup>29</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

**Measure:** The time for processing title transactions is maintained or improved.<sup>30</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

**Measure:** Title registration accuracy is maintained or improved.<sup>31</sup>

2017/18 Performance	Budget standard	2018/19 Actual
Achieved	Achieved	Achieved 

<sup>29</sup> Accuracy is measured against a target error rate of less than 2%. For 2018/19, the error rate was 1.48%.

<sup>30</sup> The baseline is an average processing time of 6.5 days, with 99% of titles processed within 33.2 days. For 2018/19, the average processing time was 6.02 days, with 99% of titles processed within 21.3 days.

<sup>31</sup> Accuracy is measured against a target error rate of less than 0.2%. For 2018/19, the error rate was 0.12%.

### Financial performance The survey and title system





Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
800	Revenue Crown	250	250
68,566	Revenue other	78,503	68,048
69,366	Total revenue	78,753	68,298
82,250	Total expenses	78,753	70,259
(12,884)	Net surplus/(deficit)	-	(1,961)

## Purchase and preparation of assets for possible use in future Treaty of Waitangi settlements (Multi-category appropriation)

The overarching purpose of this appropriation is to support the Treaty settlement process through providing for the purchase and preparation of assets for potential use in Treaty settlements.

### Performance measure

**Measure:** Ministerial satisfaction with Land Information New Zealand's management of the Treaty Settlement Landbank.

2017/18 Performance	Budget standard	2018/19 Actual
 Not reported <sup>32</sup>	 7/10	 9/10 

<sup>32</sup> The Minister for Treaty of Waitangi Negotiations chose not to provide a rating.

### Financial performance

Purchase and preparation of assets for possible use in future Treaty of Waitangi settlements: Multi-category appropriation (Non-departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
12,142	Total expenses	11,050	7,446
(12,142)	Net surplus/(deficit)	(11,050)	(7,446)

### Preparation of assets

This category is intended to achieve the efficient and effective preparation of assets for possible use in future Treaty of Waitangi settlements.

### Performance measure

**Measure:** Health and safety issues are mitigated on Treaty Settlement Landbank properties requiring demolition or remediation.

2017/18 Performance	Budget standard	2018/19 Actual
 Not reported <sup>33</sup>	 Achieved	 Achieved 

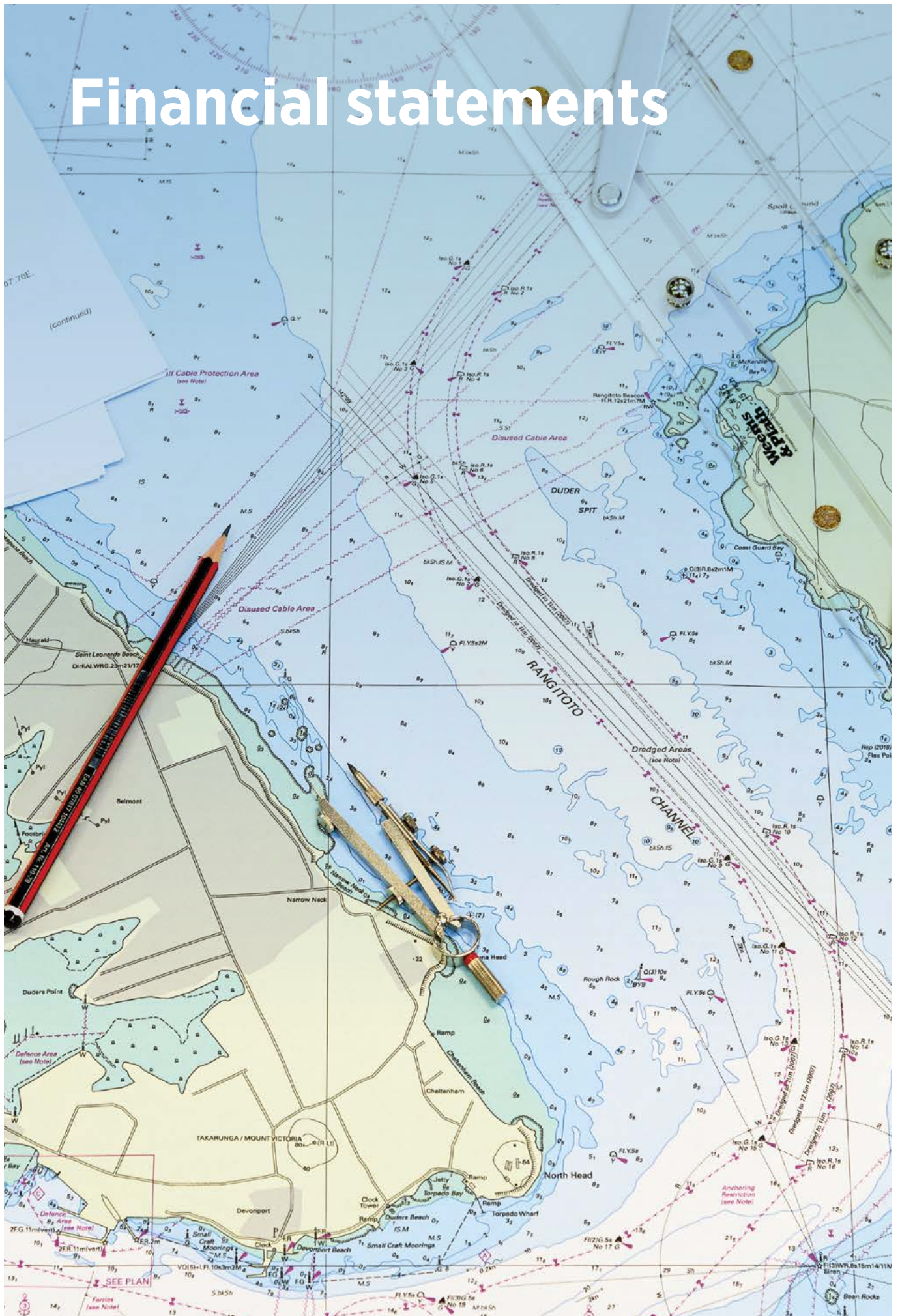
<sup>33</sup> This measure was added through the Supplementary Estimates of Appropriations for 2017/18 and was unable to be retrospectively measured for the year.

### Financial performance

Preparation of assets (Non-departmental)

Actual		Unaudited Supplementary Estimates	Actual
2018 \$000		2019 \$000	2019 \$000
3,766	Total expenses	5,050	1,559
(3,766)	Net surplus/(deficit)	(5,050)	(1,559)

# Financial statements



## Statement of responsibility

I am responsible, as Chief Executive of Land Information New Zealand, for:

- the preparation of the Department's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- ensuring that end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by the Department, whether or not that information is included in the annual report.

In my opinion:

- the financial statements fairly reflect the financial position of the Department as at 30 June 2019 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Department as at 30 June 2020 and its operations for the year ending on that date.



**Gaye Searancke**

Land Information New Zealand  
27 September 2019



## Our financial reporting

### Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2019

Actual		Note	Actual	Unaudited Budget	Unaudited Forecast
2018 \$000			2019 \$000	2019 \$000	2020 \$000
<b>Revenue</b>					
64,452	Revenue Crown		<b>67,749</b>	59,882	71,899
82,043	Other revenue	2	<b>84,751</b>	103,889	120,547
<b>146,495</b>	<b>Total revenue</b>		<b>152,500</b>	<b>163,771</b>	<b>192,446</b>
<b>Expenses</b>					
61,034	Personnel costs	3	<b>67,059</b>	65,367	67,099
6,530	Depreciation and amortisation	7, 8	<b>6,697</b>	6,321	5,000
2,895	Capital charge	4	<b>2,908</b>	3,785	3,905
511	Restructuring costs		<b>157</b>	292	292
90,596	Other operating expenses	5	<b>77,381</b>	88,006	116,150
<b>161,566</b>	<b>Total expenditure</b>		<b>154,202</b>	<b>163,771</b>	<b>192,446</b>
<b>(15,071)</b>	<b>Net surplus/(deficit) and total comprehensive revenue and expense</b>		<b>(1,702)</b>	-	-

Explanation of significant variances against the original budget 2018/19 are detailed in Note 15. The accompanying accounting policies and notes form part of these financial statements.

## Statement of Financial Position

As at 30 June 2019

Actual		Note	Actual	Unaudited	Unaudited
2018			2019	Budget	Forecast
\$000			\$000	2019	2020
				\$000	\$000
<b>Assets</b>					
<b>Current assets</b>					
14,184	Cash and cash equivalents		15,871	7,003	24,183
58,511	Trade and other receivables	6	55,233	58,999	27,131
1,638	Prepayments		1,589	1,000	1,638
285	Inventory		317	275	285
<b>74,618</b>	<b>Total current assets</b>		<b>73,010</b>	<b>67,277</b>	<b>53,237</b>
<b>Non-current assets</b>					
19,942	Intangible assets	8	20,156	12,974	49,942
3,526	Property, plant and equipment	7	4,675	3,384	3,526
<b>23,468</b>	<b>Total non-current assets</b>		<b>24,831</b>	<b>16,358</b>	<b>53,468</b>
<b>98,086</b>	<b>Total assets</b>		<b>97,841</b>	<b>83,635</b>	<b>106,705</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
10,404	Trade and other payables	9	10,557	7,600	11,345
699	Return of operating surplus	10	5,105	-	-
138	Provisions		116	-	138
4,493	Employee entitlements	11	4,920	3,000	4,494
109	Deferred revenue		14	1,225	109
<b>15,843</b>	<b>Total current liabilities</b>		<b>20,712</b>	<b>11,825</b>	<b>16,086</b>
<b>Non-current liabilities</b>					
2,693	Employee entitlements	11	2,886	3,410	2,693
<b>2,693</b>	<b>Total non-current liabilities</b>		<b>2,886</b>	<b>3,410</b>	<b>2,693</b>
<b>18,536</b>	<b>Total liabilities</b>		<b>23,598</b>	<b>15,235</b>	<b>18,779</b>
<b>79,550</b>	<b>Net assets</b>		<b>74,243</b>	<b>68,400</b>	<b>87,926</b>
<b>Taxpayers' funds</b>					
50,494	General funds	12	51,622	68,400	87,926
29,056	Memorandum accounts	18	22,621	-	-
<b>79,550</b>	<b>Total taxpayers' funds</b>		<b>74,243</b>	<b>68,400</b>	<b>87,926</b>

Explanation of significant variances against the original budget 2018/19 are detailed in Note 15. The accompanying accounting policies and notes form part of these financial statements.

## Statement of Changes in Taxpayers' Funds

For the year ended 30 June 2019

Actual		Note	Actual	Unaudited Budget	Unaudited Forecast
2018			2019	2019	2020
\$000			\$000	\$000	\$000
93,704	Balance as at 1 July		79,550	68,400	77,126
(15,071)	Total comprehensive revenue and expense		(1,702)	-	-
1,550	Capital Injections		1,500	-	10,800
66	Other movements		-	-	-
(699)	Repayment of operating surplus to the Crown	10	(5,105)	-	-
<b>79,550</b>	<b>Balance as at 30 June</b>	<b>12</b>	<b>74,243</b>	<b>68,400</b>	<b>87,926</b>

## Statement of Cash Flows

For the year ended 30 June 2019

Actual			Actual	Unaudited Budget	Unaudited Forecast
2018			2019	2019	2020
\$000			\$000	\$000	\$000
<b>Cash flows from operating activities</b>					
88,524	Receipts from revenue Crown		67,943	51,930	81,114
82,434	Receipts from other revenue		96,222	89,742	122,047
(90,408)	Payments to suppliers		(85,200)	(72,506)	(103,026)
(61,398)	Payments to employees		(66,611)	(65,430)	(67,099)
(2,895)	Payments for capital charge		(2,908)	(2,892)	(3,012)
317	Goods and services tax (net)		(502)	1	(5,024)
<b>16,574</b>	<b>Net cash flows from operating activities</b>		<b>8,944</b>	<b>845</b>	<b>25,000</b>
<b>Cash flows from investing activities</b>					
(548)	Purchase of property, plant and equipment		(2,396)	-	(705)
(2,754)	Purchase of intangible assets		(5,662)	(845)	(24,295)
<b>(3,302)</b>	<b>Net cash flows from investing activities</b>		<b>(8,058)</b>	<b>(845)</b>	<b>(25,000)</b>
<b>Cash flows from financing activities</b>					
1,550	Capital contribution		1,500	-	10,800
(7,296)	Repayment of surplus to the Crown		(699)	-	-
<b>(5,746)</b>	<b>Net cash flows from financing activities</b>		<b>801</b>	<b>-</b>	<b>10,800</b>
7,526	Net increase/(decrease) in cash and cash equivalents		1,687	-	10,800
6,658	Cash at beginning of year		14,184	7,003	13,383
<b>14,184</b>	<b>Cash at end of year</b>		<b>15,871</b>	<b>7,003</b>	<b>24,183</b>

Explanation of significant variances against the original budget 2018/19 are detailed in Note 15. The accompanying accounting policies and notes form part of these financial statements.

## Statement of Cash Flows continued

### Reconciliation of net surplus/(deficit) with net cash flows from operating activities

Actual 2018 \$000		Actual 2019 \$000
(15,071)	<b>Net surplus/(deficit)</b>	<b>(1,702)</b>
	<b>Add back non-cash items</b>	
1,003	Depreciation and assets written off	1,248
5,527	Amortisation of intangible assets	5,449
(33)	Movement in non-current employee entitlements	193
(4)	Other non-cash items	(2)
<b>6,493</b>	<b>Total non-cash items</b>	<b>6,888</b>
	<b>Movements in working capital</b>	
25	(Increase)/decrease in inventory	(32)
28,201	(Increase)/decrease in receivables	3,278
(970)	(Increase)/decrease in prepayments	49
(2,516)	Increase/(decrease) in payables	58
138	Increase/(decrease) in provisions	(22)
274	Increase/(decrease) in employee entitlements	427
<b>25,152</b>	<b>Net movements in working capital</b>	<b>3,758</b>
<b>16,574</b>	<b>Net cash inflow/(outflow) from operating activities</b>	<b>8,944</b>

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



## Statement of Commitments

As at 30 June 2019

Actual 2018 \$000		Actual 2019 \$000
<b>Non-cancellable operating lease commitments</b>		
3,443	Not later than 1 year	3,321
11,896	Later than 1 year and not later than 5 years	9,392
2,039	Later than 5 years	1,220
<b>17,378</b>	<b>Total non-cancellable operating lease commitments</b>	<b>13,933</b>

### Non-cancellable operating lease commitments

The Department leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises, which have a non-cancellable leasing period ranging from three to eight years. The Department's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on the Department by any of its leasing arrangements.

## Statement of Contingencies

As at 30 June 2019

### Unquantifiable contingent liabilities

While the Department has successfully resolved one of its known Holidays Act compliance issues during 2018/19, some further matters have more recently been identified. The Department has not been able to establish with enough certainty any potential liability arising from this.

### Quantifiable contingent liabilities

Actual 2018 \$000		Actual 2019 \$000
-	Legal proceedings and disputes	540
-	<b>Total quantifiable contingent liabilities</b>	<b>540</b>

### Legal proceedings and disputes

Legal proceedings and disputes represent the estimated legal costs as well as any amounts claimed by claimants in relation to fulfilling the Department's statutory roles and functions.

### Quantifiable contingent assets

Actual 2018 \$000		Actual 2019 \$000
-	Legal proceedings and disputes	308
-	<b>Total quantifiable contingent assets</b>	<b>308</b>

The accompanying accounting 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 (the Department) is a government department as defined by section 2 of the Public Finance Act 1989 (PFA) and is domiciled and operates in New Zealand. The relevant legislation governing the Department's operations includes the PFA and Public Accountability Act 1998. The Department's ultimate parent is the New Zealand Crown. The Department reports on the Crown activities and Trust monies it administers in the non-departmental statements and schedules on pages 82 to 86.

The Department's core objectives are to ensure that New Zealand's geographic and property information, property rights, Crown Estate and sensitive assets are managed to create real value to New Zealand. Accordingly, we are designated as a public benefit entity for the purposes of Public Benefit Entity (PBE) accounting standards.

These financial statements are for the year ended 30 June 2019. The financial statements were authorised for issue by the Chief Executive on 27 September 2019.

### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the PFA, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and Treasury Instructions.

These financial statements, including the comparatives, have been prepared in accordance with Tier 1 PBE accounting standards.

### Measurement base

The financial statements have been prepared on a historical cost basis, modified by actuarial valuations of certain liabilities, and the fair value of certain financial liabilities.

### Presentation currency and rounding

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

### Changes in accounting policies

There have been no changes in accounting policies during the financial year, other than the adoption of amendments to PBE Standards as disclosed below.

### PBE IPSAS 1 Presentation of Financial Statements

An amendment to PBE IPSAS 1 *Presentation of Financial Statements* was issued in May 2017. The new version is effective for reporting periods beginning 1 January 2018, with early adoption permitted.

- The amendment now requires PBEs to use the information from published general purpose prospective financial statements in preparing a full set of financial statements, whereas previously the standard had required information from an approved budget.

### PBE IFRS 9 Financial Instruments

A new standard PBE IFRS 9 *Financial Instruments* was issued in January 2017. The standard, which replaces large parts of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*, is effective from 1 January 2021, with early adoption permitted.

The Department has retrospectively applied PBE IFRS 9 Financial Instruments from 1 July 2018. The standard has no significant impact on the Departmental financial statements and Non-Departmental schedules.

The main changes under the standard are:

- new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost; and
- a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

## Standards issued and not yet effective and not early adopted

The External Reporting Board has issued three standards and amendments, relevant to the Department. The new or amended standards are not yet effective and have not been early adopted by the Department.

### PBE IPSAS 39 Employee Benefits

A new standard PBE IPSAS 39 *Employee Benefits* was issued in May 2017. The standard, which replaces PBE IPSAS 25, is effective from 1 January 2019, with early adoption permitted.

- PBE IPSAS 39 differs to PBE IPSAS 25 in that it:
  - removes the option to defer the recognition of some actuarial gains and losses from post-employment benefit obligations
  - eliminates different presentation options for actuarial gains and losses
  - introduces the net interest approach, which is to be used for determining the defined benefit cost for defined benefit plans
  - structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans
- The Department will be required to apply the standard retrospectively, subject to certain transitional provisions. The Department has not yet fully assessed the impacts of this standard
- The Department plans to adopt the new standard from 2019/20.

### PBE FRS 48 Service Performance Reporting

A new standard PBE FRS 48 *Service Performance Reporting* was issued in November 2017. The standard is effective from 1 January 2021, with early adoption permitted.

- The objective of the standard is to establish principles and requirements for PBEs to present and report on key service performance information.
- The standard will have no impact on the financial statements.
- The Department plans to adopt the new standard from 2021/22.

### PBE IPSAS 2 Statement of Cashflows

A new amendment PBE IPSAS 2 *Statement of Cashflows* was issued in November 2018. The standard is effective from 1 January 2021, with early adoption permitted.

- The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- The amendment will have no impact on the financial statements.
- The Department plans to adopt the new amendment from 2021/22.

### Critical judgements and estimates

The preparation of financial statements in conformity with PBE accounting standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

#### Retirement and long service leave

The Department calculates its retiring and long service leave using Treasury discounts and salary inflation rates to estimate the present value of long service and retiring leave liabilities.

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

Note 11 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 and final retirement age.

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

At each balance date, the Department reviews the appropriateness of the useful lives and residual values of its intangible assets, property, plant and equipment. In making the assessment in respect of each asset the Department needs to consider a number of factors such as its condition, expected period of use by the Department and expected disposal proceeds from its future sale. 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 Revenue and Expense and carrying amount of the asset in the Statement of Financial Position. The Department minimises the risk of this estimation uncertainty by:

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

## Summary of significant accounting policies

### Foreign currency transactions

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

### Revenue – non-exchange transactions

#### Revenue Crown

Revenue from the Crown is measured based on the Department's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriations Act for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Department can incur expenses only within the scope and limit of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

## Revenue – exchange transactions

### Departmental and other revenue

Revenue earned in exchange for the provision of outputs (products or services) to third parties, is recorded as operating revenue.

Revenue from the supply of services is measured at the fair value of consideration received, recognised on a straight-line basis over the specified period for the services unless an alternative method better represents the stage of completion of the transaction.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the Department (usually on delivery of the goods), when the amount of revenue can be measured reliably, and it is probable that the economic benefit or service potential associated with the transaction will flow to the Department.

### Capital charge

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

### Operating leases

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

Payments made under operating leases are charged in equal instalments over the 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.

### Cash and cash equivalents

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

The Department is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.



### Trade and other receivables

Receivables are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method. Receivables are not discounted due to the short-term nature of the balance.

For receivables from exchange transactions, a simplified approach in calculating expected credit loss (ECLs) is applied. Therefore, credit risk is not currently tracked, but instead a loss allowance based on lifetime ECLs at each reporting date is recognised. The historic credit loss experience is adjusted for forward-looking factors specific to the debtors and the economic environment.

### Inventories

Inventory held for distribution or use in the provision of services that are not supplied on a commercial basis are measured at cost (calculated using the weighted average method), and adjusted, when applicable, for any loss of service potential.

Where inventory is acquired at no cost or for nominal consideration, the cost is the fair value at the date of acquisition.

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

### Property, plant and equipment

Property, plant and equipment consist of leasehold improvements, furniture and office equipment, and computer hardware. Property, plant and equipment are shown at cost less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$5,000.

#### Additions

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

Where an asset is acquired at nil or nominal cost, it is initially recognised at fair value with a corresponding gain to the Statement of Comprehensive Revenue and Expense.

### 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 Revenue and Expense.

### Subsequent costs

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the Statement of Comprehensive Revenue and Expense in the period which they have been incurred.

### Depreciation

Depreciation is calculated on a straight-line basis on all property, plant and equipment, other than work in progress, at rates that will write-down the cost of the asset to its estimated residual value over its useful life.

The estimated useful lives of major classes of assets within property, plant and equipment are as follows:

Type of asset	Estimated life
Leasehold property improvements	Over the term of the lease
Computer hardware	2 to 10 years
Plant and equipment	3 to 11 years
Furniture and fittings	3 to 11 years

The costs of leasehold improvements are 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.

## Impairment

### Non-cash-generating assets

Property, plant and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment at each balance date 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is determined based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is considered to be impaired and the carrying amount is written down to the recoverable service amount.

The total impairment loss and reversal of previously recognised impairments are recognised in the Statement of Comprehensive Revenue and Expense.

Intangible assets, subsequently measured at cost, that are not yet available for use, are tested annually for impairment.

## Intangible assets

### Software acquisition and development

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Direct costs that are directly associated with the development of software for internal use by the Department are recognised as an intangible asset.

Subsequent to recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment.

Staff training and on-going software maintenance costs are recognised as an expense when incurred.

## Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

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

## Payables

Payables are initially recognised at fair value.

Subsequent measurement is at amortised cost using the effective interest rate method. Payables are not discounted due to the short-term nature of the balance.

## Income tax

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

## Goods and services tax (GST)

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

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

## Employee entitlements

### Short-term employee entitlements

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

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

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

The Department recognises a liability and an expense for pay for performance where it is contractually obliged to 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 cash flows.

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

	2018	2019
Long-term discount rate	3.55%	2.23%
Salary inflation rate	3.10%	2.92%

### Presentation of employee entitlements

Sick leave, annual leave, vested 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 Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

## Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

Financial assets for the Department are classified at initial recognition and subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. Financial assets are initially measured at their fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subject to impairment. Gains and losses are recognised in surplus or deficit when the asset is impaired.

The financial assets at amortised cost include receivables from exchange transactions.

### Financial liabilities

All financial liabilities are recognised at amortised cost. The financial liabilities include payables under exchange transactions.

## Provisions

A provision is recognised when the Department 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 amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects both current market rates and the risks specific to the liability.

## Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation has already commenced.

## Onerous contracts

A provision for onerous contracts is recognised when the expected benefits or service potential to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

## Taxpayers' funds

Taxpayers' funds comprise the Crown's investment in the Department and any memorandum account balances. These are measured as the difference between total assets and liabilities.

## Memorandum accounts

Memorandum accounts reflect the cumulative surplus or deficit on those departmental services that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend toward zero over time.

## Statement of cost accounting policies

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

- Costs that are directly related to an output are coded directly to that output.
- Costs that are not directly related to a single output are allocated to outputs based on appropriate cost drivers, such as number of full-time equivalent staff or work programmes.

## Budget and forecast figures

The budget figures are for the year ended 30 June 2019 and were published in the 2017/18 annual report. They are consistent with the financial information in the Budget Economic and Fiscal Update (BEFU) 2018.

The forecast figures are for the year ending 30 June 2020 and are consistent with the best estimate financial forecast information submitted to Treasury for BEFU 2019 for the 2019/20 year.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The forecast figures have been prepared in accordance with *PBE FRS 42 Prospective Financial Statements*.

The forecast financial statements were authorised for issue by the Chief Executive of Land Information New Zealand in April 2019. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

## Significant assumptions used in preparing the forecast financial information

The forecast figures contained in these financial statements reflect the Department's purpose and activities and are based on a number of assumptions on what may occur during the 2019/20 year.

The forecast figures have been compiled based on existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions were as follows:

- Remuneration rates were based on current wages and salary costs, adjusted for anticipated remuneration changes.
- Operating costs were based on historical experience and other factors that were believed to be reasonable in the circumstances and were the Department's best estimate of future costs that will be incurred.

Estimated year-end information for 2018/19 was used as the opening position for the 2019/20 forecasts.

The actual financial results achieved for 30 June 2020 are likely to vary from the forecast information presented, and the variations may be material.



## 2. Other revenue

	Actual 2018 \$000	Actual 2019 \$000
Titles fees	44,531	<b>44,387</b>
Search fees	14,373	<b>14,271</b>
Survey fees	8,280	<b>8,527</b>
Overseas Investment Office applications	4,946	<b>6,509</b>
Project revenue	2,971	<b>3,133</b>
Rating valuation audit charge	2,924	<b>1,618</b>
Land disposals	967	<b>1,246</b>
Licence and sign-up fees	867	<b>863</b>
Crown property clearances fees	767	<b>585</b>
Management of Crown land	750	<b>1,918</b>
Miscellaneous	667	<b>1,694</b>
<b>Total other revenue</b>	<b>82,043</b>	<b>84,751</b>

Other revenue is derived from exchange transactions.

## 3. Personnel costs

	Actual 2018 \$000	Actual 2019 \$000
Salaries and wages	57,311	<b>62,845</b>
Contract employees	1,673	<b>816</b>
ACC levies	140	<b>141</b>
Contributions to defined contribution and benefits schemes	1,881	<b>2,099</b>
Increase/(decrease) in employee entitlements	29	<b>1,158</b>
<b>Total personnel costs</b>	<b>61,034</b>	<b>67,059</b>

Employer contributions to defined contribution schemes include contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund.

## 4. Capital charge

The Department pays a capital charge to the Crown based on its Taxpayers' funds, excluding memorandum accounts, as at 30 June and 31 December of the previous calendar year. The capital charge rate for the year ended 30 June 2019 was 6.0% (2018: 6.0%).

## 5. Other operating expenses

	Actual 2018 \$000	Actual 2019 \$000
Computer operating costs	18,696	18,676
Contracts for topography and hydrography	4,726	11,198
Contractors and consultancy	26,278	11,176
Repairs and maintenance	9,698	7,596
Professional services	8,792	6,871
Crown property services	9,781	5,574
Leasing and renting costs	3,663	3,532
Travel	1,749	1,480
<b>Fees paid to auditors:</b>		
- fees for the financial statement audit	331	309
Net loss on disposal of property, plant and equipment	2	40
Other operating costs	6,880	10,929
<b>Total other operating expenses</b>	<b>90,596</b>	<b>77,381</b>

## 6. Trade and other receivables

	Actual 2018 \$000	Actual 2019 \$000
Receivables from non-related parties	12,614	9,838
Less: provision for doubtful debts	(5)	(313)
<b>Net receivables</b>	<b>12,609</b>	<b>9,525</b>
Monies receivable from the Crown	45,902	45,708
<b>Total trade and other receivables</b>	<b>58,511</b>	<b>55,233</b>

All debtors are non-interest bearing and are from exchange revenue (other than monies receivable from the Crown) and are normally settled on the 20<sup>th</sup> 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 2019, the Department has identified two debtors (2018: nil) that are insolvent.

Concentration of receivables is with the Crown and therefore the Department has no significant exposure to credit risk. The Department has a policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Risk limits, which are set for each individual customer, are regularly monitored. In addition, receivable balances are monitored on an on-going basis, with the result that the Department's exposure to bad debts is not significant.

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

	Actual 2018 \$000	<b>Actual 2019 \$000</b>
Balance as at 1 July	-	<b>(5)</b>
Additional provisions (made)/reversed during the year	(15)	<b>(323)</b>
Receivables written off during the period	10	<b>15</b>
<b>Balance as at 30 June</b>	<b>(5)</b>	<b>(313)</b>

An impairment analysis is performed regularly to measure expected credit losses. As at 30 June 2019, all overdue receivables have been assessed for impairment and appropriate provisions applied, as follows:

	Gross 2018 \$000	Provision 2018 \$000	Net 2018 \$000	Gross 2019 \$000	Provision 2019 \$000	<b>Net 2019 \$000</b>
Current	10,482	-	10,482	8,193	-	<b>8,193</b>
>30 Days	744	-	744	740	-	<b>740</b>
>60 Days	333	-	333	215	-	<b>215</b>
>90 Day	1,055	(5)	1,050	690	(313)	<b>377</b>
<b>Total</b>	<b>12,614</b>	<b>(5)</b>	<b>12,609</b>	<b>9,838</b>	<b>(313)</b>	<b>9,525</b>

## 7. Property, plant and equipment

	Leasehold Improvements \$000	Computer Hardware \$000	Plant and Equipment \$000	Furniture and Fittings \$000	<b>Total \$000</b>
<b>Cost</b>					
<b>Balance as at 1 July 2017</b>	5,836	307	538	1,071	<b>7,752</b>
Additions	23	-	523	-	<b>546</b>
Disposals	(8)	-	-	-	<b>(8)</b>
<b>Balance as at 30 June 2018</b>	<b>5,851</b>	<b>307</b>	<b>1,061</b>	<b>1,071</b>	<b>8,290</b>
<b>Balance as at 1 July 2018</b>	5,851	307	1,061	1,071	<b>8,290</b>
Additions	3	515	539	1,342	<b>2,399</b>
<b>Balance as at 30 June 2019</b>	<b>5,854</b>	<b>822</b>	<b>1,600</b>	<b>2,413</b>	<b>10,689</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance as at 1 July 2017</b>	2,772	284	252	463	<b>3,771</b>
Depreciation charge for the year	738	8	96	161	<b>1,003</b>
Eliminate on disposal	(8)	-	-	-	<b>(8)</b>
Other movement	(1)	(2)	1	-	<b>(2)</b>
<b>Balance as at 30 June 2018</b>	<b>3,501</b>	<b>290</b>	<b>349</b>	<b>624</b>	<b>4,764</b>
<b>Balance as at 1 July 2018</b>	3,501	290	349	624	<b>4,764</b>
Depreciation charge for the year	614	91	256	287	<b>1,248</b>
Other movement	-	-	2	-	<b>2</b>
<b>Balance as at 30 June 2019</b>	<b>4,115</b>	<b>381</b>	<b>607</b>	<b>911</b>	<b>6,014</b>
<b>Carrying amounts</b>					
As at 30 June 2017	3,064	23	286	608	<b>3,981</b>
As at 30 June 2018	2,350	17	712	447	<b>3,526</b>
<b>As at 30 June 2019</b>	<b>1,739</b>	<b>441</b>	<b>993</b>	<b>1,502</b>	<b>4,675</b>

### Impairment

There has been no impairment to property, plant and equipment during the financial year (2018: nil).



## 8. Intangible assets

	Actual 2018 \$000	Actual 2019 \$000
<b>Cost</b>		
Balance as at 1 July	86,606	89,360
Additions	2,771	5,701
Disposals	-	(75)
Transfers	(17)	-
<b>Balance as at 30 June</b>	<b>89,360</b>	<b>94,986</b>
<b>Amortisation and impairment losses</b>		
Balance as at 1 July	63,891	69,418
Amortisation expense	5,527	5,449
Eliminate on disposal	-	(37)
<b>Balance as at 30 June</b>	<b>69,418</b>	<b>74,830</b>
<b>Total intangible assets</b>	<b>19,942</b>	<b>20,156</b>
<b>Carrying amounts</b>		
<b>As at 1 July 2017</b>		<b>22,715</b>
<b>As at 30 June 2018</b>		<b>19,942</b>
<b>As at 30 June 2019</b>		<b>20,156</b>

The Department's largest intangible asset is Landonline. This is the system that enables property professionals and local councils to carry out land dealings efficiently and securely, in real-time, over the internet.

## 9. Trade and other payables

	Actual 2018 \$000	Actual 2019 \$000
Trade and accrued expenses	9,528	10,135
ACC levy payable	99	144
GST, FBT and PAYE payable	777	278
<b>Total trade and other payables</b>	<b>10,404</b>	<b>10,557</b>

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

## 10. Return of operating surplus

	Actual 2018 \$000	Actual 2019 \$000
Net surplus/(deficit)	(15,071)	(1,702)
Add unrealised (increase)/decrease in remeasurements	(121)	372
Add (surpluses)/deficits of memorandum accounts	15,891	6,435
<b>Total return of operating surplus</b>	<b>699</b>	<b>5,105</b>

Remeasurements that are reported in the Statement of Comprehensive Revenue and Expense relate to unrealised changes in discount rates for retirement and long service leave.

Under the Public Finance Act 1989 all remeasurements are exempted from the requirement for appropriation on the basis of a lack of control. Similarly, unrealised remeasurements are not intended to affect the surplus repayable to the Crown.

The return of any surplus to the Crown is required to be paid by 31 October of each year.

## 11. Employee entitlements

	Actual 2018 \$000	Actual 2019 \$000
<b>Current portion</b>		
Annual leave	3,371	3,616
Salaries and wages	431	506
Long service and retirement leave	568	614
Sick leave	123	184
<b>Total current employee entitlements</b>	<b>4,493</b>	<b>4,920</b>
<b>Non-current portion</b>		
Long service and retirement leave	2,693	2,886
<b>Total non-current employee entitlements</b>	<b>2,693</b>	<b>2,886</b>
<b>Total employee entitlements</b>	<b>7,186</b>	<b>7,806</b>

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

Expected future payments are discounted using discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash flows. A long-term discount rate of 2.23% has been applied (2018: 3.55%) and a salary inflation factor of 2.92% (2018: 3.10%) was used. The discount rates and salary inflation factor used are those advised by Treasury.

## 12. Equity

	Actual 2018 \$000	Actual 2019 \$000
<b>Taxpayers' funds</b>		
Balance as at 1 July	93,704	79,550
Total comprehensive revenue and expense	(15,071)	(1,702)
Capital injections	1,550	1,500
Memorandum account balance	(29,056)	(22,621)
Return of operating surplus to the Crown	(699)	(5,105)
Other movements	66	-
<b>Balance as at 30 June</b>	<b>50,494</b>	<b>51,622</b>
<b>Memorandum accounts</b>		
Opening balance 1 July	44,947	29,056
Net memorandum account surpluses/(deficits) for the year	(15,891)	(6,435)
<b>Balance as at 30 June</b>	<b>29,056</b>	<b>22,621</b>
<b>Total equity</b>	<b>79,550</b>	<b>74,243</b>

The memorandum accounts summarise financial information relating to the accumulated surpluses and deficits incurred, in the provision of statutory information and performance of accountability reviews by the Department to third parties, on a full cost recovery basis.

The balance of each memorandum account is expected to trend toward zero over a reasonable period of time. Interim deficits are met either from cash reserves or by seeking approval for a capital injection from the Crown. Capital injections will be repaid to the Crown by way of cash payments throughout the memorandum account cycle.

## 13. Related party information

### Identity of related parties

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

The Department enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises. These related party transactions are not disclosed, as they occur in a normal client/supplier relationship at an arm's length basis.

The Department also provides non-cash benefits to staff in addition to their salaries and contributes to post-employment defined contribution schemes and defined benefit schemes on their behalf.

Apart from this one transaction described above, the Department has not entered into any other related party transactions.

## Key management personnel compensation

Key management personnel are the members of the Executive Leadership Team. The Executive Leadership Team consists of the Chief Executive and seven Deputy Chief Executives. The Chief Executive's remuneration and other benefits are determined and paid by the State Services Commission.

## Key management personnel compensation (including the Chief Executive)

	Actual 2018 \$000	Actual 2019 \$000
Salaries and other short-term employee benefits	2,370	2,295
<b>Total key management personnel compensation</b>	<b>2,370</b>	<b>2,295</b>

Key management personnel compensation excludes the remuneration and other benefits of the Responsible Ministers of the Department. The Ministers' remuneration and other benefits are determined by the Remuneration Authority under the Member of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, not by the Department.

## 14. Financial instrument risks

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

### Credit risk

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

The Department does not require any collateral or security to support financial instruments with financial institutions that it deals with, as these entities have high credit ratings. For its other financial instruments, the Department has a concentration of credit with the Crown and therefore is exposed to minimal credit risk.

At 30 June 2019 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. Refer to Note 6 for a breakdown of the trade and other receivables balance.

### Fair value

The fair value of financial instruments with a remaining life of less than one year is equivalent to the carrying amount disclosed in the Statement of Financial Position.

### Interest rate risk

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

### Liquidity risk

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

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

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

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

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
<b>2018</b>				
Payables (see note 9)	9,528	-	-	-
<b>2019</b>				
Payables (see note 9)	10,135	-	-	-

In summary, upon the adoption of PBE IFRS 9, the Department had the following required or elected reclassifications as at 1 July 2018:

	Measurement Category		Carrying Amount	
	PBE IPSAS 29	PBE IFRS 9	PBE IPSAS 29 \$000	PBE IFRS 9 \$000
<b>Financial Assets</b>				
Receivables from exchange transactions	Loans and receivables	Amortised cost	9,525	9,525
<b>Total Financial Assets</b>			<b>9,525</b>	<b>9,525</b>
<b>Financial Liabilities</b>				
Payables under exchange transactions	Amortised cost	Amortised cost	10,135	10,135
<b>Total Financial Liabilities</b>			<b>10,135</b>	<b>10,135</b>

The adoption of PBE IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. A simplified approach has been applied in calculating ECL recording the lifetime expected loss on all receivables.

## 15. Explanations of major variances against budget

### Statement of Comprehensive Revenue and Expense

#### Revenue Crown

Revenue Crown was greater than budget by \$7.867 million. This was due to unbudgeted Hydrographic Survey revenue.

#### Other revenue

Other revenue was \$19.138 million below budget due to lower than budgeted Overseas Investment Office fees received. This is because new fees arose from amendment to the Overseas Investment Act 2005 and transaction volumes were unknown at the time of budget. The new regime came into force on 22 October 2018 but was budgeted from 1 July 2018.

#### Other operating expenses

Other operating expenses were \$10.625 million below budget and this is mainly attributable to the lower than budgeted Overseas Investment Office transaction volumes.



## 15. Explanations of major variances against budget (continued)

### Statement of Financial Position

#### Intangible assets

Intangible assets were \$7.182 million higher than budgeted. This is due to Cabinet's approval in October 2018 for the Department to progressively rebuild Landonline, the system used to manage New Zealand's title and survey transactions.

## 16. Capital management

The Department's capital is its equity, which comprises of taxpayers' funds and memorandum accounts. Equity is represented by net assets.

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

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

## 17. Events after balance date

There were no significant events after balance date.

## 18. 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. The intent of each one is to provide a long-run perspective to the pricing of outputs.

### Survey and Title

For the year ended 30 June 2019

	Actual 2018 \$000	Actual 2019 \$000
Balance as at 1 July	47,304	<b>33,882</b>
<b>Income</b>		
Operating revenue	68,566	<b>68,048</b>
<b>Expenses</b>		
Operating expenses	81,988	<b>70,155</b>
<b>Surplus/(deficit) for the period</b>	<b>(13,422)</b>	<b>(2,107)</b>
<b>Balance as at 30 June</b>	<b>33,882</b>	<b>31,775</b>

**Overseas Investment Regime**

For the year ended 30 June 2019

	Actual 2018 \$000	Actual 2019 \$000
Balance as at 1 July	(2,355)	(4,297)
<b>Income</b>		
Income from OIO applications	4,946	6,509
<b>Expenses</b>		
Expenses from OIO operations	6,888	10,337
<b>Surplus/(deficit) for the period</b>	<b>(1,942)</b>	<b>(3,828)</b>
<b>Balance as at 30 June</b>	<b>(4,297)</b>	<b>(8,125)</b>

**Crown Property Clearances**

For the year ended 30 June 2019

	Actual 2018 \$000	Actual 2019 \$000
Balance as at 1 July	(2)	(529)
<b>Income</b>		
Operating revenue	767	585
<b>Expenses</b>		
Operating expenses	1,294	1,085
<b>Surplus/(deficit) for the period</b>	<b>(527)</b>	<b>(500)</b>
<b>Balance as at 30 June</b>	<b>(529)</b>	<b>(1,029)</b>

**Total Memorandum Accounts**

For the year ended 30 June 2019

	Actual 2018 \$000	Actual 2019 \$000
Balance as at 1 July	44,947	29,056
<b>Income</b>		
Operating revenue	74,279	75,142
<b>Expenses</b>		
Operating expenditure	90,170	81,577
<b>Surplus/(deficit) for the period</b>	<b>(15,891)</b>	<b>(6,435)</b>
<b>Balance as at 30 June</b>	<b>29,056</b>	<b>22,621</b>

**Statement of Departmental Unappropriated  
Expenditure and Capital Expenditure**

For the year ended 30 June 2019

There was no unappropriated expenditure or capital expenditure incurred during the year ended 30 June 2019 (2018: Nil).

## Non-departmental statements and schedules

For the year ended 30 June 2019

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

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 2019.

### Schedule of Non-Departmental Revenue

For the year ended 30 June 2019

Actual 2018 \$000		Actual 2019 \$000	Unaudited Budget 2019 \$000
	<b>Operating revenue</b>		
1,358	Sale of goods and services	3,619	3,037
15,199	Rental income	14,731	13,140
40,271	Proceeds from sale of New Zealand Transport Agency properties	40,912	100,000
1,654	Miscellaneous revenue	5,517	1,201
(72,392)	Reduction in estimated recoveries: insurance from Red Zone properties	-	-
2,010	Gain on sale of asset	3,698	-
<b>(11,900)</b>	<b>Total non-departmental operating revenue</b>	<b>68,477</b>	<b>117,378</b>
	<b>Other revenue</b>		
2,753	Gain on revaluation of biological assets and shares	3,550	-
11,290	Movement in Huntly East provision	(2,765)	-
<b>14,043</b>	<b>Total non-departmental other revenue</b>	<b>785</b>	<b>-</b>
<b>2,143</b>	<b>Total non-departmental revenue</b>	<b>69,262</b>	<b>117,378</b>

### Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2019

Actual 2018 \$000		Actual 2019 \$000	Unaudited Budget 2019 \$000
	<b>Capital receipts</b>		
6,394	Property sales	32,614	6,350
52	Land tenure reform sales	9,460	85,447
17,860	Sale of Landbank properties	3,463	-
<b>24,306</b>	<b>Total non-departmental capital receipts</b>	<b>45,537</b>	<b>91,797</b>

Explanation of significant variances against budget are detailed in Note 10.

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

## Schedule of Non-Departmental Expenses

For the year ended 30 June 2019

Actual		Actual	Unaudited
2018		2019	Budget
\$000		\$000	2019
			\$000
	<b>Operating expenses</b>		
918	Non-departmental output classes	1,607	3,400
	<b>Other expenses to be incurred by the Crown</b>		
1,872	Depreciation and amortisation	2,527	1,598
-	Impairment of held for sale assets	11,308	-
685	Rental and leasing costs	691	692
(158)	Debts written-off/(recovered)	(2)	145
-	Loss on sale of held for sale assets	14,777	-
3,117	GST input expense	1,835	19,072
40,831	Proceeds from sale of New Zealand Transport Agency properties	40,912	100,000
26,840	Other operating expenses	40,671	21,309
<b>74,105</b>	<b>Total non-departmental operating expenses</b>	<b>114,326</b>	<b>146,216</b>
	<b>Capital expenses</b>		
18,577	Property purchases	9,163	21,000
-	Huntly East purchases	435	500
876	Land tenure reform purchases	11,128	256,983
-	Land exchanges	-	350
<b>19,453</b>	<b>Total non-departmental capital expenses</b>	<b>20,726</b>	<b>278,833</b>

Explanation of significant variances against budget are detailed in Note 10.  
The accompanying accounting policies and notes form part of these financial statements.



## Schedule of Non-Departmental Assets

As at 30 June 2019

Actual		Note	Actual	Unaudited Budget
2018 \$000			2019 \$000	2019 \$000
<b>Assets</b>				
<b>Current assets</b>				
32,167	Cash and cash equivalents		23,759	24,581
23,450	Prepayments		19,700	15,432
61,165	Trade and other receivables	2	49,136	126,201
172,865	Assets held for sale	4	215,191	182,000
994	Work in progress		610	667
901	Biological assets	5	1,191	-
<b>291,542</b>	<b>Total current assets</b>		<b>309,587</b>	<b>348,881</b>
<b>Non-current assets</b>				
766,223	Land and improvements	6	719,877	676,237
25,433	Biological assets	5	28,693	23,547
10,711	Intangible assets	7	10,551	3,586
334	Share investment		237	368
<b>802,701</b>	<b>Total non-current assets</b>		<b>759,358</b>	<b>703,738</b>
<b>1,094,243</b>	<b>Total non-departmental assets</b>		<b>1,068,945</b>	<b>1,052,619</b>

## Schedule of Non-Departmental Liabilities

As at 30 June 2019

Actual		Note	Actual	Unaudited Budget
2018 \$000			2019 \$000	2019 \$000
<b>Current liabilities</b>				
17,998	Trade and other payables	3	13,194	65,200
187	Deferred revenue		187	-
1,281	Provisions	8	13,647	2,357
<b>19,466</b>	<b>Total current liabilities</b>		<b>27,028</b>	<b>67,557</b>
<b>Non-current liabilities</b>				
7,535	Deferred revenue		7,347	7,722
15,975	Provisions	8	20,370	25,000
<b>23,510</b>	<b>Total non-current liabilities</b>		<b>27,717</b>	<b>32,722</b>
<b>42,976</b>	<b>Total non-departmental liabilities</b>		<b>54,745</b>	<b>100,279</b>

Explanation of significant variances against budget are detailed in Note 10.  
The accompanying accounting policies and notes form part of these financial statements.

## Schedule of Non-Departmental Commitments

As at 30 June 2019

The Department, on behalf of the Crown, has no non-cancellable capital or lease commitments (2018: nil).

## Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2019

### Unquantifiable contingent liabilities

The Department, on behalf of the Crown, had no unquantifiable contingent liabilities (2018: nil).

### Quantifiable contingent liabilities

Actual 2018 \$000		Actual 2019 \$000
	<b>Quantifiable contingent liabilities</b>	
45,049	Legal proceedings and disputes	8,656
18,751	Other contingent liabilities	18,751
<b>63,800</b>	<b>Total quantifiable contingent liabilities</b>	<b>27,407</b>

The Department 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 the 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 had been 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 the Department to rectify.

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

### Quantifiable contingent assets

Actual 2018 \$000		Actual 2019 \$000
	<b>Quantifiable contingent assets</b>	
-	Legal proceedings and disputes	3,250
-	<b>Total quantifiable contingent assets</b>	<b>3,250</b>

Legal proceedings and disputes represent the amounts claimed by the Department, on behalf of the Crown, in relation to fulfilling the Department's statutory roles and functions.

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

## Statement of Trust Monies

For the year ended 30 June 2019

The Department administers three trust accounts, on behalf of the Crown, under Part 7 of the Public Finance Act. The transactions through these accounts and their balances are not included in the Department's annual financial statements.

Trust account	As at 1 July 2018 \$000	Contribution \$000	Distribution \$000	As at 30 June 2019 \$000
Endowment Rentals Trust	1	362	(345)	18
Hunter Soldiers Assistance Trust	58	-	-	58
Crown Forestry Licences Trust	566	6,002	(5,404)	1,164
<b>Total</b>	<b>625</b>	<b>6,364</b>	<b>(5,749)</b>	<b>1,240</b>

### Endowment Rentals Trust

The Endowment Rentals Trust is used to administer revenue received by the Department on behalf of three organisations: Victoria University of Wellington, Taranaki Scholarships Trust Board and the University of Otago.

- Revenue is derived from rental income from land owned by the Crown but endowed, through legislation, to Victoria University of Wellington and Taranaki Scholarships Trust Board.
- Revenue is derived from rental income from land where the freehold has been endowed to the University of Otago, but where the land is managed as a pastoral lease by the Department.

All net rents and any other income from the land are received into the Trust account. The Department then forwards the income, after deducting an administration fee (which is set by the responsible Minister), to the respective endowment recipient.

### Hunter Soldiers Assistance Trust

The Trust was established in 1921 to administer revenue from the sale or lease of lands, gifted to the Crown by Sir George Hunter, for the purpose of assisting discharged soldiers within the Hawke's Bay area. The gifted land has all been sold; the only income now being interest on the capital held in the Trust account.

### Crown Forestry Licences Trust

The Trust is used to administer annual Crown forestry licence fees. Licence fees are paid by forestry companies operating on Crown land, which is being held for Treaty settlement. The licence fee income is then forwarded to the Crown Forestry Rental Trust (CFRT). The CFRT is an independent body, which has responsibility for distributing the income to the appropriate beneficiary, upon completion of a Treaty settlement for the land.

# Notes to the non-departmental financial statements

## 1. Statement of accounting policies

### Reporting entity

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

The non-departmental balances are consolidated into the Financial Statements of the Government and therefore, for a complete understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government for the year ended 30 June 2019.

### Basis of preparation

The non-departmental statements and schedules 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 Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Benefit Entity (PBE) Accounting Standards) as appropriate for public benefit entities.

### Presentation currency and rounding

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

### Summary of significant accounting policies

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

#### Revenue

##### Exchange revenue

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

##### Non-exchange revenue

##### *Fines and penalties*

Revenue from fines and penalties is recognised when the infringement notice is issued. Revenue is measured at fair value.

### 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. GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government's financial statements.

### Trade and other receivables

Receivables are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method. Receivables are not discounted due to the short-term nature of the balance.

For receivables from exchange transactions, a simplified approach in calculating expected credit loss (ECLs) is applied. Therefore, credit risk is not currently tracked, but instead a loss allowance based on lifetime ECLs at each reporting date is recognised. The historic credit loss experience is adjusted for forward-looking factors specific to the debtors and the economic environment.

### Share investment

Shares in a dairy cooperative company are held in respect of a property retained in the Landbank for Treaty settlement purposes. The shares are required to be held to facilitate farm operations on a leased property.

Fair value is determined by the market value of the shares at balance date.

Gains or losses on revaluation are reported in the Schedule of Non-Departmental Revenue.

## Assets held for sale

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

Assets are initially recorded as held for sale when:

- They are available for immediate sale in their present condition and
- The sale is highly probable, with a committed plan to sell determined by:
  - initialling of the Deed of Settlement, for properties being transferred to a claimant group as cultural or commercial redress through a Treaty of Waitangi settlement, or
  - Cabinet sign-off, for properties in the Canterbury Earthquake Regeneration area, or
  - the point in time when the Commissioner for Crown Lands gives approval to issue the Substantive Proposal to the lessee(s) for properties being sold through Tenure Review, or
  - the point in time when a property is offered to a claimant group under a right of first refusal through a Treaty settlement, or
  - the point in time when agreement is reached with a claimant group in respect of the sale of a deferred selection property under a Treaty settlement, or
  - the point in time the property is actively marketed for sale at a price that is reasonable to its fair value.

Assets held for sale are generally expected to be disposed of in the next twelve months and are designated as current.

For assets held for sale in respect of Treaty settlement claims, the disposal process is subject to legislative and other third-party processes beyond the Department's control, that can take longer than twelve months to complete. Under these circumstances assets held for sale are designated as non-current.

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

## Land and improvements

Land and improvements assets are broken down into the following asset classes for reporting purposes:

- Crown forest land
- Crown pastoral land
- Canterbury regeneration land
- Land valued at greater than \$1 million
- Rated land
- Non-rated land
- Improvements.

## Revaluations

Land and improvements are revalued at least every three years to ensure the carrying amount does not differ materially from fair value. Fair value is determined on a class of asset basis. 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 initially recorded at cost.

## Revaluation methods

### Crown forest land

For properties where a licensee pays a fee for rights to grow trees on Crown land, fair value is determined by calculating expected cash flows from licence fees.

For properties where no licence fees are payable, fair value is determined either by:

- the market value of the land, if it is assessed to be valued at over \$1 million, or
- the current rateable value adjusted annually by a property index.

### Crown pastoral land

For properties under Tenure Review, fair value is determined by an independent external valuer on the following basis:

- the land being converted to freehold is deemed to be market value at its highest and best use;
- the land being retained by the Crown for conservation purposes is deemed to be at fair value.

For all other pastoral land, fair value is determined by calculating the net present value of expected cash flows from lease payments.



### Canterbury regeneration land

For properties in the Central Business District fair value is deemed to be market value.

For properties in the Residential Red Zone fair value is deemed to be market value.

### \$1m+ land

For properties where the value of land is assessed as being greater than \$1 million, fair value is determined by market value. Properties are revalued at least every three years by independent external registered valuers. An annual review is undertaken to assess for wider economic factors that might affect the value of the properties within this asset category.

### Rated land

Properties in this category are those that are subject to local/territorial authority rates under the Local Government (Rating) Act 2002 but have a land value less than \$1 million and have no identified impairment or encumbrance that might otherwise affect the value of the property.

For properties under \$1 million with a rateable value, fair value is determined by the current rateable value adjusted annually by a property index.

### Non-rated and other special land

Properties in this category include rating exempt properties as set out in Schedule 1 of the Local Government (Rating) Act 2002 but have a land value less than \$1 million. It includes land used for railways, riverbeds, land affected by soil erosion etc.

It also includes properties that may ordinarily qualify and be categorised as "Rated" but have been re-categorised because of an impairment or encumbrance that has been recognised on the property, such as those properties eligible under the Huntly East Land Subsidence Policy.

For properties under \$1 million with no rateable value, or where there is a special characteristic, significant impairment or encumbrance, fair value is determined by the impaired market value or is deemed as acquisition cost if no market valuation data is available.

### Improvements

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

### Accounting for revaluations

Revaluation movements 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 reserve for that class of asset, 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 land and improvements is recognised as an asset only if it is probable that future economic benefits or service potential associated with the property will flow to the Crown and its cost can be measured reliably.

In most instances land and improvement assets are recognised initially at cost. Where a land and improvement asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition and a corresponding gain is recorded in the Schedule of Non-Departmental Expenses.

### Disposals

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

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably. All other costs are recognised as an expense in the period they are incurred.

### Work in progress

Work in progress is recognised at cost less accumulated impairment.

## Depreciation

Depreciation is calculated on a straight-line basis on all improvements, other than non-current work in progress and assets classified as held for sale, at rates that will write down the cost (or valuation) of the assets to their estimated residual values over their useful economic lives. The useful economic life of all improvements is deemed to be fifty years.

## Biological assets

### Forests

The fair value of forests is based on the present value of future cash flows after tax. Forests are valued annually by specialist, independent, external registered valuers.

### Orchards

Orchards are considered bearer plants and as such are classified as property, plant and equipment. The fair value of orchards is determined using a direct comparison approach.

## Intangible assets

### Easements

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

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

### Amortisation

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

The useful economic life of an easement is deemed to be equivalent to the contractual term of the right to access land.

## Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial assets

### Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through surplus or deficit.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. Financial assets are initially measured at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

### Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subject to impairment. Gains and losses are recognised in the surplus or deficit when the asset is impaired.

The financial assets at amortised cost include receivables from exchange transactions.

### Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are carried in the Schedule of Non-Departmental Assets at fair value with net changes in fair value recognised in the statement of surplus or deficit.

The financial assets at fair value through surplus or deficit include investments in quoted equity shares included under other non-current financial assets.

### Financial liabilities

All financial liabilities are recognised at amortised cost. The financial liabilities include payables under exchange transactions.

### Provisions

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

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

### Commitments

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

### Budget figures

The budget figures are for the year ended 30 June 2019. They are consistent with the financial information in the BEFU 2018.

The budget figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

## 2. Trade and other receivables

	Actual 2018 \$000	Actual 2019 \$000
Debtors from non-related parties	18,125	5,486
EQC insurance recoveries land	25	-
Rock-fall/roll – Christchurch City Council	46,452	47,159
Accounts receivable – Departments	726	301
Less: provision for doubtful debts	(4,163)	(3,810)
<b>Total trade and other receivables</b>	<b>61,165</b>	<b>49,136</b>

Debtors are shown net of provision for doubtful debts, which was \$3.810 million in the current year (2018: \$4.163 million). The carrying value of debtors and other receivables approximates their fair value.

### Rock-fall/roll receivable

An agreement was signed in June 2013, between the Crown and Christchurch City Council, to share equally the costs of purchasing Residential Red Zone properties in the Port Hills, which are subject to rock-fall or rock-roll. The amount receivable from Christchurch City Council at 30 June 2019, in respect of these properties, is \$47.2 million (2018: \$46.5 million) inclusive of GST.

### Provision for doubtful debts

An annual assessment is performed to determine the expected credit losses and corresponding impairment provision. At 30 June 2019, the provision for impairment is as follows:

	Actual 2018 \$000	Actual 2019 \$000
Balance as at 1 July	(4,487)	(4,163)
Net additional (provisions made)/reversed during the year	324	353
<b>Balance as at 30 June</b>	<b>(4,163)</b>	<b>(3,810)</b>

## 3. Trade and other payables

	Actual 2018 \$000	Actual 2019 \$000
Trade payables and accrued expenses	17,306	13,126
GST payable	692	68
<b>Total payables</b>	<b>17,998</b>	<b>13,194</b>

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

## 4. Assets held for sale

	Actual 2018 \$000	Actual 2019 \$000
Crown forest land	56,045	48,777
Crown pastoral land	1,597	1,129
Canterbury regeneration land	3,796	75,093
\$1m+ land	53,262	41,374
Rated land	37,192	33,005
Non-rated land	5,083	3,927
Improvements	15,890	11,886
<b>Total current assets held for sale</b>	<b>172,865</b>	<b>215,191</b>

Prior to held for sale classification, the properties were recognised within the Crown's land and improvements note (note 6). Impairment and loss on sale for properties held for sale, have been disclosed in the Schedule of Non-Departmental Expenses.

## 5. Biological assets

	Actual 2018 \$000	Actual 2019 \$000
<b>Cost</b>		
Carrying amount as at 1 July	23,547	26,334
Additions	-	-
Revaluation increase	2,787	3,550
<b>Carrying amount as at 30 June</b>	<b>26,334</b>	<b>29,884</b>
<b>Represented by:</b>		
Current	901	1,191
Non-current	25,433	28,693
<b>Total</b>	<b>26,334</b>	<b>29,884</b>

### Forests

There are a number of forests on Crown properties that are not on Crown Forest Land which are not administered under the Crown Forest Assets Act. These include:

- Four on land held in the Landbank for Treaty settlement purposes.
- Three on Soil Conservation Reserve land. All income from harvesting goes to the appropriate regional council (to meet their forest management, harvesting and restocking expenditure with any surplus being used for soil conservation activities within the region).

There is one forest (McLaren Gully/West Taieri SD Forest) held under the Crown Forest Assets Act on Crown Forest Land. However, no Crown Forest License was ever issued for the property. Therefore, all income from harvests goes to the Crown.

### Orchards

There are five kiwifruit orchards, all of which are on land held in the Landbank for Treaty Settlement purposes.



## 6. Land and improvements

	Crown forest land \$000	Crown pastoral land \$000	Canterbury regeneration land \$000	\$1m+ land \$000	Rated land \$000	Non-rated land \$000	Improvements \$000	<b>Total \$000</b>
<b>Cost or valuation</b>								
Balance as at 1 July 2017	71,895	59,567	79,497	162,660	180,468	21,885	93,396	<b>669,368</b>
Revaluation increase/(decrease)	9,146	3,111	51,666	59,403	13,872	(267)	2,465	<b>139,396</b>
Additions	-	-	7,639	2,720	1,860	534	4,926	<b>17,679</b>
Disposals	-	(8,128)	(33,620)	-	-	-	-	<b>(41,748)</b>
Transfers (to)/from assets held for sale	(8,388)	(1,596)	(4,500)	15,481	(10,934)	(1,850)	(6,108)	<b>(17,895)</b>
<b>Balance as at 30 June 2018</b>	<b>72,653</b>	<b>52,954</b>	<b>100,682</b>	<b>240,264</b>	<b>185,266</b>	<b>20,302</b>	<b>94,679</b>	<b>766,800</b>
Balance as at 1 July 2018	72,653	52,954	100,682	240,264	185,266	20,302	94,679	<b>766,800</b>
Revaluation increase/(decrease)	11,905	462	(1,082)	9,907	17,558	(56)	(2,109)	<b>36,585</b>
Additions	-	2,720	1,672	-	4,036	549	5,641	<b>14,618</b>
Disposals	-	(2,781)	(1,379)	-	-	(20)	-	<b>(4,180)</b>
Transfers to/(from) asset classes	-	-	-	9,116	(9,765)	723	172	<b>246</b>
Transfers (to)/from assets held for sale	(12,654)	(62)	(75,093)	(5,680)	(1,223)	107	1,620	<b>(92,985)</b>
<b>Balance as at 30 June 2019</b>	<b>71,904</b>	<b>53,293</b>	<b>24,800</b>	<b>253,607</b>	<b>195,872</b>	<b>21,605</b>	<b>100,003</b>	<b>721,084</b>
<b>Accumulated depreciation</b>								
Balance as at 1 July 2017	-	-	-	-	-	-	1,465	<b>1,465</b>
Depreciation charge for the year	-	-	-	-	-	-	1,712	<b>1,712</b>
Reversal on revaluation	-	-	-	-	-	-	(2,585)	<b>(2,585)</b>
Disposals	-	-	-	-	-	-	(15)	<b>(15)</b>
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>577</b>	<b>577</b>
Balance as at 1 July 2018	-	-	-	-	-	-	577	<b>577</b>
Depreciation charge for the year	-	-	-	-	-	-	2,367	<b>2,367</b>
Reversal on revaluation	-	-	-	-	-	-	(1,693)	<b>(1,693)</b>
Disposals	-	-	-	-	-	-	(44)	<b>(44)</b>
<b>Balance as at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,207</b>	<b>1,207</b>
<b>Carrying amounts</b>								
As at 1 July 2017	71,895	59,567	79,497	162,660	180,468	21,885	91,931	<b>667,903</b>
As at 30 June 2018	72,653	52,954	100,682	240,264	185,266	20,302	94,102	<b>766,223</b>
<b>As at 30 June 2019</b>	<b>71,904</b>	<b>53,293</b>	<b>24,800</b>	<b>253,607</b>	<b>195,872</b>	<b>21,605</b>	<b>98,796</b>	<b>719,877</b>

## 7. Intangible assets

	Actual 2018 \$000	Actual 2019 \$000
<b>Cost</b>		
Carrying amount as at 1 July	5,026	12,151
Additions	7,125	-
<b>Carrying amount at 30 June</b>	<b>12,151</b>	<b>12,151</b>
<b>Amortisation and impairment losses</b>		
Balance as at 1 July	1,280	1,440
Amortisation expense	160	160
<b>Balance as at 30 June</b>	<b>1,440</b>	<b>1,600</b>
<b>Total intangible assets</b>	<b>10,711</b>	<b>10,551</b>
<b>Carrying amounts</b>		
<b>As at 1 July 2017</b>		<b>3,746</b>
<b>As at 30 June 2018</b>		<b>10,711</b>
<b>As at 30 June 2019</b>		<b>10,551</b>

There are intangible assets associated with three properties in the Crown estate:

- In April 2018 the Crown took possession of multiple intangible assets associated with a property purchased for the Landbank.
- The Crown was granted an indefinite easement over land owned by Taratara Farms Ltd in June 2014.
- In October 2005 the Crown was granted an easement over land owned by Ngati Awa. The useful life of the easement is 35 years, equal to the contractual length of the right. It is due to expire in September 2040.

## 8. Provisions

	Actual 2018 \$000	Actual 2019 \$000
<b>Current provisions</b>		
Onerous lease provision	500	676
Huntly East provision	335	369
Other	446	12,602
<b>Total current</b>	<b>1,281</b>	<b>13,647</b>
<b>Non-current provisions</b>		
Onerous lease provision	8,524	10,188
Huntly East provision	7,451	10,182
<b>Total non-current</b>	<b>15,975</b>	<b>20,370</b>
<b>Total provisions</b>	<b>17,256</b>	<b>34,017</b>

## 8. Provisions continued

	Onerous lease provision \$000	Huntly East provision \$000	Other provisions \$000	<b>Total \$000</b>
<b>2018</b>				
<b>Balance as at 1 July</b>	8,877	19,076	852	<b>28,805</b>
Additional provisions made during the year	2,055	-	-	<b>2,055</b>
Charge against provision for the year	(685)	-	-	<b>(685)</b>
Discounting changes	(1,223)	(1,358)	-	<b>(2,581)</b>
Unused amounts reversed during the year	-	(9,932)	(406)	<b>(10,338)</b>
<b>Balance as at 30 June</b>	<b>9,024</b>	<b>7,786</b>	<b>446</b>	<b>17,256</b>
<b>2019</b>				
<b>Balance as at 1 July</b>	9,024	7,786	446	<b>17,256</b>
Additional provisions made during the year	-	-	12,310	<b>12,310</b>
Charge against provision for the year	-	928	(146)	<b>782</b>
Discounting changes	1,840	1,837	-	<b>3,677</b>
Unused amounts reversed during the year	-	-	(8)	<b>(8)</b>
<b>Balance as at 30 June</b>	<b>10,864</b>	<b>10,551</b>	<b>12,602</b>	<b>34,017</b>

### Provision for onerous leases

The Crown has made a provision for an onerous contract obligation, where the unavoidable costs of meeting the contractual obligation exceed the economic benefits expected to be received from it. The provision is in respect of the lease on 3 The Terrace, Wellington, which expires in 2060. The discount rate used for the provision is the forward rate as provided by the Treasury.

### Huntly East subsidence

The Crown has a constructive obligation to purchase properties affected by mining in the Huntly East area. This obligation was established by the Government's revised Huntly East Subsidence Policy in 1997, under Cabinet minute CAB (97) M 33/7A. The Huntly East Subsidence Policy requires that if an eligible property is not sold on the open market within six months, the Crown will buy the property from the vendor at current market value. This policy will remain in place until all eligible properties have been purchased by the Crown. Every eligible property purchased by the Crown in the Huntly East Subsidence Policy zone is covenanted, to protect the Crown from future liability, then on-sold.

## 9. Financial Instruments

In summary, upon the adoption of PBE IFRS 9, the Department, on behalf of the Crown, had the following required or elected reclassifications as at 1 July 2018:

	Measurement Category		Carrying Amount	
	PBE IPSAS 29	PBE IFRS 9	PBE IPSAS 29 \$000	PBE IFRS 9 \$000
<b>Financial Assets</b>				
Receivables from exchange transactions	Loans and receivables	Amortised cost	49,136	49,136
Quoted equity shares	AFS	FVTSD*	237	237
<b>Total Financial Assets</b>			<b>49,373</b>	<b>49,373</b>
<b>Financial Liabilities:</b>				
Payables under exchange transactions	Amortised cost	Amortised cost	13,194	13,194
<b>Total Financial Liabilities</b>			<b>13,194</b>	<b>13,194</b>

\*FVTSD = fair value through surplus or deficit

The adoption of PBE IFRS 9 has fundamentally changed the accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. A simplified approach has been applied in calculating ECL recording the lifetime expected loss on all receivables.

### 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 and Christchurch City Council there are no other significant concentrations of credit risk.

## 10. Explanations of major variances against budget

### Schedule of Non-Departmental Revenue

#### Proceeds from sale of New Zealand Transport Agency properties

Proceeds from sale of New Zealand Transport Agency (NZTA) properties received were \$59.088 million below budget. This is due to fewer purchases of NZTA properties than expected.

### Schedule of Non-Departmental Capital Receipts

#### Property sales

Property sales were \$26.264 million above budget due to additional Treaty settlements that settled in the current financial year.

#### Land tenure reform sales

Land tenure reform sales were \$75.987 million below budget as there were fewer settlements than expected. The timing of land tenure reform sales is difficult to predict and can take years to reach settlement.

## Schedule of Non-Departmental Expenses

### Property purchases

Property purchases were \$11.837 million below budget due to delays in the Canterbury Earthquake Recovery Programme.

### Land tenure reform purchases

Land tenure reform purchases were \$245.855 million below budget due fewer settlements than expected and thus, a lower acquisition of property. In line with land tenure reform sales, the timing of land tenure reform purchases is difficult to predict and can take years to reach settlement.

### Proceeds from sale of New Zealand Transport Agency properties

Proceeds from sale of New Zealand Transport Agency properties paid were \$59.088 million below budget. This is due to fewer purchases of NZTA properties than expected.

### Other operating expenses

Other operating expenses were \$19.362 million below budget. Most of the underspend was in the Canterbury Earthquake Recovery Land Ownership and Management MCA due to funding not required for write-down of land and improvements and delays in acquisitions of land for Anchor projects.

## 11. Events after balance date

### Global settlement

On 23 September 2019, Cabinet approved the final Global settlement between the Crown and Christchurch City Council (the Council).

This agreement facilitates the sale and purchase and final ownership of certain assets that are transferred from the Crown to the Council and sets out the respective roles on projects of each party going forward.

On signing the agreement:

- LINZ is obligated to survey and reconfigure land parcels (particularly the Ōtākaro Avon River Corridor) in accordance with the agreement and to pay the Council \$1 million as a contribution for the Balance Land reconfiguration.
- Additionally, LINZ is obligated to transfer the Residential Red Zone properties (classified as held for sale at \$75.1 million) to the Council for \$1 (if demanded) at various future settlement dates.
- The Council is obligated to pay to LINZ \$40.5 million plus GST (if any) being the amount owing by it under the Cost Share Agreement 2013 for its share of the costs associated with the purchase of certain properties in the Port Hills.

This agreement is not included in the statement of contingencies or commitments because the approval was given after balance date.

Other than the one noted above, there have been no material events subsequent to balance date.



## Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation for the year ended 30 June 2019. They are prepared on a GST exclusive basis.

### Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations For the year ended 30 June 2019

	Actual 2018 \$000	Expenditure before remeasurements 2019 \$000	Approved appropriation 2019 \$000	Actual 2019 \$000
<b>Departmental output expenses</b>				
Administration of the Overseas Investment Office Regime	5,813	-	-	-
Administering Residential Property	1,075	-	-	-
<b>Total Departmental output expenses</b>	<b>6,888</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Departmental capital expenditure</b>				
Capital expenditure	3,294	8,100	15,000	8,100
<b>Total Departmental capital expenditure</b>	<b>3,294</b>	<b>8,100</b>	<b>15,000</b>	<b>8,100</b>
<b>Non-departmental output expenses</b>				
<b>Output classes to be supplied by other parties</b>				
Contaminated Sites	300	137	400	137
Forest Plantation Activity	619	1,470	6,100	1,470
<b>Total Non-departmental output expenses</b>	<b>919</b>	<b>1,607</b>	<b>6,500</b>	<b>1,607</b>
<b>Other expenses to be incurred by the Crown</b>				
Bad and doubtful debts	-	-	145	-
Crown Forest Management	202	192	400	192
Rates on Crown Land	4,616	3,216	3,957	3,216
Depreciation	1,872	2,527	3,993	2,527
Land liabilities	118	523	843	523
Residual Crown Leasehold Rents	685	691	700	691
Proceeds from sale of NZTA properties	40,831	40,912	100,000	40,912
Soil Conservation Reserve Management	197	231	380	231
Tangoio Catchment Management Fund	104	104	120	104
Compensation Claims under section 173 of the Land Transfer Act 1952 PLA	-	668	668	668
Loss on sale of Landbank properties	-	12,246	16,545	12,246
Impairment of Land for Treaty settlements	-	11,308	11,481	11,308
<b>Total Non-departmental other expenses</b>	<b>48,625</b>	<b>72,618</b>	<b>139,232</b>	<b>72,618</b>
<b>Non-departmental capital expenditure</b>				
Crown acquisitions – Huntly East	-	435	500	435
Crown Purchases: Land Exchanges	-	-	350	-
Purchase of Assets for Possible Use in future Treaty of Waitangi settlements	2,856	-	-	-
<b>Total Non-departmental capital expenditure</b>	<b>2,856</b>	<b>435</b>	<b>850</b>	<b>435</b>
<b>Multi-category appropriations</b>				
Canterbury Earthquake Recovery Land Ownership and Management MCA	31,550	43,181	115,739	43,181
<b>Departmental output expenses</b>				
Managing the Recovery	5,514	5,045	5,927	5,045

Continued on next page

<b>Multi-category appropriations continued</b>				
Acquisition and Disposal Expenses	1,014	-	-	-
<b>Non-departmental output expenses</b>				
Clearance of built structures and associated works	729	612	1,993	<b>612</b>
Management and Clearance of Land	4,468	3,452	6,676	<b>3,452</b>
Mass Movement of Land	128	203	2,800	<b>203</b>
Purchase of Land and Improvements operational	8,286	25,121	36,273	<b>25,121</b>
Initial write-down in the value of land and improvements	3,969	2,686	26,101	<b>2,686</b>
Write down in the value of land and improvements	97	255	260	<b>255</b>
Loss on disposal of Land and Improvements	-	2,531	7,033	<b>2,531</b>
<b>Non-departmental capital expenditure</b>				
Purchase of land and improvements capital	7,345	3,276	28,676	<b>3,276</b>
<b>Crown Land MCA</b>	<b>29,557</b>	<b>32,673</b>	<b>47,616</b>	<b>32,673</b>
<b>Departmental output expenses</b>				
Centralised clearance service acquisitions and disposals	1,296	1,085	1,698	<b>1,085</b>
Land disposal services for other agencies	1,701	2,564	18,993	<b>2,564</b>
Management of Crown Land	22,597	24,483	23,499	<b>24,483</b>
LINZ Biosecurity Programme	3,963	4,541	3,426	<b>4,541</b>
<b>Location Based Information MCA</b>	<b>30,644</b>	<b>19,802</b>	<b>22,048</b>	<b>19,802</b>
<b>Departmental output expenses</b>				
LINZ Location Based Information Infrastructure	24,601	16,136	18,317	<b>16,136</b>
Administration of the NZ Geographic Board Ngā Pou Taunaha o Aotearoa	806	777	783	<b>777</b>
Leading the NZ Geospatial Strategy	5,237	2,889	2,948	<b>2,889</b>
<b>Managing the Overseas Investment Regime MCA</b>	<b>-</b>	<b>11,953</b>	<b>30,394</b>	<b>11,953</b>
<b>Departmental output expenses</b>				
Administering the overseas investment regime (other than residential property)	-	5,733	9,812	<b>5,733</b>
Administering the residential property regime	-	3,246	15,209	<b>3,246</b>
Monitoring and enforcement of the overseas investment regime	-	2,974	5,373	<b>2,974</b>
<b>Property Rights MCA</b>	<b>83,978</b>	<b>71,861</b>	<b>81,269</b>	<b>71,861</b>
<b>Departmental output expenses</b>				
The Survey and Title system	82,250	70,259	78,753	<b>70,259</b>
Regulating Valuation	1,728	1,602	2,516	<b>1,602</b>
<b>Policy Advice and Related Services MCA</b>	<b>3,971</b>	<b>3,623</b>	<b>3,643</b>	<b>3,623</b>
<b>Departmental output expenses</b>				
Policy Advice	3,135	3,084	2,993	<b>3,084</b>
Ministerial Services, Appointments, Implementation and Operational Policy	836	539	650	<b>539</b>
<b>Purchase and Preparation of Assets for Possible Use in Future Treaty of Waitangi Settlements MCA</b>	<b>12,142</b>	<b>7,446</b>	<b>11,050</b>	<b>7,446</b>
<b>Non-departmental Other Expenses</b>				
Preparation of Assets for Treaty settlements	3,766	1,559	5,050	<b>1,559</b>
<b>Non-departmental capital expenditure</b>				
Purchase of Assets for Treaty settlement	8,376	5,887	6,000	<b>5,887</b>
<b>Total multi-category appropriations</b>	<b>191,842</b>	<b>190,539</b>	<b>311,759</b>	<b>190,539</b>
<b>Total annual and permanent appropriations for the year</b>	<b>254,424</b>	<b>273,299</b>	<b>473,341</b>	<b>273,299</b>

## Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against Appropriations (continued)

	Actual 2019 \$000
<b>Multi-year appropriations</b>	
<b>Department output expenses</b>	
Hydrographic Survey	
Original appropriation	20,300
Adjustments	-
<b>Total adjusted approved appropriation</b>	20,300
Cumulative actual expenditure at 1 July	-
Current year actual expense	9,245
<b>Cumulative actual expenditure at 30 June</b>	9,245
<b>Appropriation remaining at 30 June</b>	11,055
<b>Non-departmental capital expenditure</b>	
Land Tenure Acquisitions	
Original appropriation	480,570
Adjustments	-
<b>Total adjusted approved appropriation</b>	480,570
Cumulative actual expenditure at 1 July	92,344
Current year actual expense	11,128
<b>Cumulative actual expenditure at 30 June</b>	103,472
<b>Appropriation remaining at 30 June</b>	377,098

## Statement of Unappropriated Expenditure

For the year ended 30 June 2019

There was no unappropriated expenditure, unappropriated capital expenditure or breaches of net assets.



## Independent auditor's report

### To the readers of Land Information New Zealand's Annual Report for the year ended 30 June 2019

The Auditor-General is the auditor of Land Information New Zealand (the Department). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of:

- the financial statements of the Department on pages 58 to 80, that comprise of the statement of financial position, statement of commitments and statement of contingencies as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in taxpayers' funds, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Department for the year ended 30 June 2019 on pages 19 to 27 and 36 to 55;
- the statements of Departmental unappropriated expenditure and Capital expenditure for the year ended 30 June 2019 on pages 81 and the appropriation statements on page 99 to 101; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 82 to 98 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2019;
  - the schedules of expenses; capital receipts and revenue for the year ended 30 June 2019;
  - the statement of trust monies for the year ended 30 June 2019; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- the financial statements of the Department on pages 58 to 80:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Department on pages 19 to 27 and 36 to 55:
  - presents fairly, in all material respects, for the year ended 30 June 2019:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- the appropriation statements of the Department on pages 81 and 99 to 101 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 82 to 98 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2019;
  - expenses; capital receipts and revenue for the year ended 30 June 2019; and
  - the statement of trust monies for the year ended 30 June 2019.

Our audit was completed on 27 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.



## Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Department for preparing:

- financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- appropriation statements of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to

merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

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

## Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Department's Budget and Economic Fiscal Update and Supplementary Estimates of Appropriation.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.





- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 18, 28 to 34 and 106 to 109, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Department.

### Stuart Mutch

Ernst & Young

On behalf of the Auditor-General  
Wellington, New Zealand

# Appendices



## Appendix A

### New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa – Overview of performance in 2018/19

#### What it does

The Board is the national authority responsible for official place names in New Zealand, its offshore islands, its continental shelf, and the Ross Dependency of Antarctica.

The Board's functions are set out in the New Zealand Geographic Board (Ngā Pou Taunaha o Aotearoa) Act 2008 and include:

- considering proposals for new, altered or discontinued place names, including Crown protected area, Antarctic, and undersea feature names
- approving and adopting recorded place names as official
- fulfilling Treaty of Waitangi partnership obligations by advising parties on place names used in settlements
- validating Antarctic and Crown protected area names
- maintaining a publicly available *New Zealand Gazetteer* of place names.

Through a Secretariat, LINZ provides support for the Board to perform its role.

#### Notable achievements

In 2018/19 the Minister made four decisions of the 1,173 that were notified in the *New Zealand Gazette*. They were:

- John Creek (stream)
- John Creek (village)
- Waitangitāhuna River
- Tūranganui-a-Kiwa/Poverty Bay.

Other notable achievements in 2018/19:

- Reviewed 33 Treaty of Waitangi place name proposals, made 34 recommendations and confirmed 61 preliminary recommendations made in 2017/18 for Moriori place names (Chatham Islands).
- Contributed to the government's WW100 and Tuia – Encounters 250 commemorations.
- The Undersea Feature Names Committee has now reviewed 75% of the 857 existing undersea feature names in the Board's jurisdiction.
- The Antarctic Names Committee project to review all names and positions reached a significant milestone of over 50% of names reviewed.

### Official place names published in the *New Zealand Gazette*

NZGB decisions – assigned, altered, discontinued names (no objections) in New Zealand	2
NZGB decisions – approved recorded official names in New Zealand	1007
NZGB decisions – corrected/amended names	25
NZGB decisions – Antarctica	6
NZGB decisions – Undersea	59
Minister's decisions	4
Treaty settlement legislation, including Crown protected areas	60
Other legislation	2
Department of Conservation's final decisions on Crown protected areas	8
<b>Total</b>	<b>1173</b>



The 2018/19 New Zealand Geographic Board  
Ngā Pou Taunaha o Aotearoa Annual Report  
can be found at:

<https://www.linz.govt.nz/regulatory/place-names/about-new-zealand-geographic-board>



## Appendix B

### Land tenure reform acquisitions

This appropriation is a non-departmental capital expenditure with one performance measure that is required to be reported in an appendix to the 2018/19 Annual Report.

#### Performance measure

**Measure:** Pastoral lease acquisitions comply with the Crown Pastoral Land Act 1998.

2017/18 Performance	Budget standard	2018/19 Actual
		 

<sup>1</sup> In 2018/19, four tenure reviews were completed in accordance with the Crown Pastoral Land Act 1998.

### Forestry plantation activity

This appropriation is a non-departmental expenditure with one performance measure that is required to be reported in an appendix to the 2018/19 Annual Report.

**Measure:** Harvesting is completed in accordance with the plan agreed with the forest manager.

2017/18 Performance	Budget standard	2018/19 Actual
		 

## Appendix C

### Statutory information

This table details information required under section 181 of the Land Act 1948 for the year ended 30 June 2019.

<b>Details</b>	Number	Total Area (hectares)	Price Paid (\$)	Total annual rent payable (\$)
Areas of private land or lessees' interest in Crown land purchased during the year	-	-	-	-
Areas of land purchased on behalf of Te Arawhiti	1	3.75	368,000	n/a
Leases and licences granted during the year	45	165ha	n/a	66,431
Leases and licences current at the end of the year	1,392	7,401ha	n/a	1,142,785

## Appendix D: New Zealand Business Number

LINZ continues to make progress in meeting the requirements for New Zealand Business Number (NZBN). Several systems have been upgraded to be NZBN compliant and we remain confident that we will meet our obligations by December 2020.



## Directory

### Wellington office

#### Physical Address:

Level 7, Radio New Zealand House  
155 The Terrace  
Wellington 6011

#### Mailing Address

PO Box 5501  
Wellington 6145

#### Contact

Phone: 0800 665 463 (New Zealand only)  
Fax: +64 4 472 2244  
Email: customersupport@linz.govt.nz  
Reception for visitors by appointment only.

### Hamilton office

#### Physical Address

Level 3  
65 Bryce Street  
Hamilton 3204

#### Mailing Address

Private Bag 3028  
Hamilton 3240  
DX GX10069

#### Contact

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

### Christchurch office

#### Physical Address

CBRE House  
112 Tuam Street  
Christchurch 8011

#### Mailing Address

Private Bag 4721  
Christchurch 8140

#### Contact

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

## Image credits

P33 Views of Catalina Precinct, Hobsonville  
by AVJennings



This work is licensed under the  
**Creative Commons Attribution 4.0**

International licence. In essence, you are free to: share ie, copy and redistribute the material in any medium or format; adapt ie, remix, transform and build upon the material. You must give appropriate credit, provide a link to the licence and indicate if changes were made.

Published in October 2019  
by Land Information New Zealand  
PO Box 5501, Wellington 6145, New Zealand  
ISSN 1177-1119 print  
ISSN 1177-8717 web

This document is available at [www.linz.govt.nz](http://www.linz.govt.nz)

