



Annual Report 2017/18



Whatungarongo te tangata toitū te whenua

While people come and go, the land endures

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



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Chief Executive's foreword



Land Information New Zealand (LINZ) has advanced our ambitious programme of work and repositioned ourselves in an environment that has changed considerably over the last decade.

We developed new outcomes in December 2017. These directed our efforts to four areas where we can add the most value for New Zealand. Our focus now is on ensuring geographic and property information are used effectively to deliver value for New Zealand; building a world-class property system that is ready for the future, built for growth and changing needs; getting the best public value from the Crown Estate, for the benefit of all New Zealanders; and ensuring the ownership of sensitive assets reflects New Zealand's best interests. The development of the outcomes has led to deliberate changes, both to our structure and leadership culture.

We also landed on three key challenges for New Zealand to help us with prioritisation, namely a focus on the management of water; resilience and climate change; and contributing to responding to pressures on urban areas.

The outcomes are instrumental to LINZ becoming more of a strategic leader and we are currently identifying how to measure our progress towards their delivery. With that in mind, we're now well into the process of realigning our operating model and developing a plan to implement it.

During the year, we delivered on new Government priorities, including some that were in the 100-day plan.

We were subject to a Performance Improvement Framework (PIF) Review. We have our sights firmly on the review's exhortation that we step up and step out to become a more strategic, influential, smart and customer-facing agency.

Concurrently, we focused on enhancing the capabilities, systems and resources our people need to continue to transform LINZ into a high-performing organisation. Our diverse people are dedicated, adaptable and hold a range of unique skills we rely on to serve our customers.

We continued to invest in our people's wellbeing and safety, leadership and development. This included developing a strong

leadership development programme and toolkit aimed at helping leaders to engage and lead their teams.

I am proud of our people's dedication as we evolve and respond to the rapidly changing environments we operate in. I would also like to acknowledge the role key stakeholders, iwi and partners play in helping deliver the outcomes we need to achieve for New Zealand.

A handwritten signature in black ink that reads "Lisa Barrett". The signature is fluid and cursive, written over a light grey rectangular background.

Lisa Barrett
Chief Executive

About LINZ

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

Today we are an organisation of approximately 620 staff with offices in Wellington, Hamilton and Christchurch.

OUR VISION

The power of “where” drives New Zealand’s success.

OUR WORK FLOWS FROM THREE SOURCES

Government and ministerial priorities; our statutory obligations, including regulatory stewardship expectations; and our outcomes. These are set out below:

GOVERNMENT AND MINISTERIAL PRIORITIES

HIGH-VALUE GEOGRAPHIC AND PROPERTY INFORMATION

Including:

- obtaining funding for a national elevation data programme
- ensuring that key geographic and property information is open, accessible and integrated with other national data.

WORLD-CLASS PROPERTY SYSTEM

Including:

- ensuring existing property tenure constructs are fit for purpose
- exploring how tenure constructs may improve access to housing and enable Māori land owners to better utilise their land
- replacing Landonline, New Zealand’s property transaction system, with a new system.

MAKING BEST USE OF THE CROWN ESTATE

Including:

- ensuring operational improvements are made to protect the indigenous biodiversity and significant inherent values of Crown pastoral land in the South Island high country (high country)
- establishing the policy settings for, and then implementing a State Land Register
- developing a long-term Crown Estate Strategy

OVERSEAS INVESTMENT IN SENSITIVE ASSETS

Including:

- implementing the new directive letter to the Overseas Investment Office (OIO)
- implementing the ban on foreign ownership of residential property
- strengthening the OIO’s enforcement capabilities.

OUR STATUTORY OBLIGATIONS, INCLUDING REGULATORY STEWARDSHIP EXPECTATIONS

LINZ, like many regulatory agencies, has been making improvements to how we steward the regulatory systems that we are responsible for.

We administer **15 Acts** and have specific functions under many others. We steward four regulatory systems:

- Property Rights
- Property Information
- Overseas Investment
- Crown Land

We are one of eight agencies in the **Natural Resources Sector**, a group of government agencies responsible for management and stewardship of New Zealand’s natural resources. To deliver our functions, we work with many organisations and businesses, including other government agencies, local government, iwi and Māori, surveyors and conveyancers.

OUR OUTCOMES



High-value geographic and property information

Geographic and property information are used effectively to deliver value for New Zealand.



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.

We developed the outcomes to ensure our focus is on the things that matter most for New Zealand and to guide where we put our effort and resources. This is why the outcomes are at the heart of what drives our performance.

While the Minister for Land Information has responsibility for most of our activities, the Minister for Greater Christchurch Regeneration is responsible for our work related to recovering from the Christchurch earthquakes, and the Minister for Treaty of Waitangi Negotiations has some responsibilities in relation to the Treaty Settlements Landbank that we maintain.

We are funded through Vote Lands, which incorporates a mix of Crown funding and revenue derived from third parties through fees for services, decisions or products we provide. Our annual departmental expenditure is approximately \$160 million.

Our performance story



2017/18 at a glance

In 2017/18 we have:



DELIVERED HIGH-VALUE GEOGRAPHIC AND PROPERTY INFORMATION

77 additional datasets on LINZ Data Service (bringing total to 2,019)

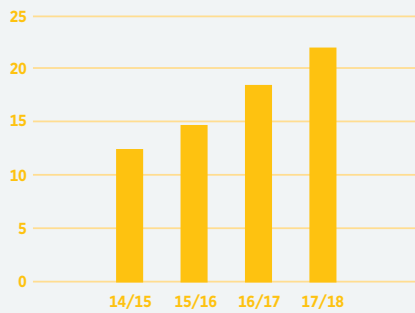


Updated and released:

- 95 map sheets
- 24 new edition paper hydrographic charts
- 74 new edition electronic nautical charts.



21.9 terabytes of LDS data downloaded



ADMINISTERED A WORLD-CLASS PROPERTY SYSTEM

20,905 titles issued or reissued

2.2 million live titles in Landonline

10,780 cadastral survey plans approved

2.56 million land parcels held

582,000 instruments lodged¹



¹ An instrument is a legal document such as transfer of ownership, a mortgage or an easement.



MANAGED THE CROWN ESTATE

Almost 2 million hectares of land managed



Provided Crown property management and disposal expertise across government with:

704 properties administered on behalf of **8 other agencies**

140 Crown properties sold (for \$44 million)



420 Crown properties in the disposal programme with an estimated value of \$108 million



PROTECTED NEW ZEALAND'S INTEREST IN SENSITIVE ASSETS

199 Applications received



- 97 applications **consented**
- 3 applications **declined**
- 29 applications **withdrawn** (1 lapsed)
- 40 **enforcement actions taken**

2017/18 in review

We need to take into account the big challenges New Zealand faces. These challenges will impact our current customers and shape the needs of our future customers. We also need to play a greater leadership role in more of the systems in which we operate, work with others to achieve our outcomes, and contribute to broader system outcomes.

Our driving focus

In December 2017 we launched our new Outcomes Framework.

Our new outcomes set a common direction for our organisation and at the same time signalled to others what our high-level priorities are – together these mean that the work we do can have a bigger positive impact.

The outcomes identify where we can add most value to New Zealand and New Zealanders over the long term. They span both what we can directly contribute and where we can work with others to contribute. The high-level outcomes we are seeking to achieve are:



High-value geographic and property information

Geographic and property information are used effectively to address key challenges for New Zealand, improve outcomes for Māori, and deliver significantly higher-value public services.



World-class property system

The property system is built for growth and changing needs, and maintains public confidence in fundamental property rights.



Making best use of the Crown Estate

Land that the Crown is responsible for or seeking to remediate is assessed, sustainably managed and allocated to its best use to deliver government priorities, outcomes for Māori, and benefits for all New Zealanders.



Safeguard New Zealand's interest in sensitive assets

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

Within these four outcomes, we pay particular attention to three cross-cutting “key challenges” where we can make a significant impact:



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 man-made).



Urban areas

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

These key challenges are complex and enduring, and will not be solved in a year or two. While new challenges arise from time to time, we expect these to remain priorities for more than five years.

We are being a good regulatory steward

We have a broad regulatory role. We steward four regulatory systems: Property Rights; Property Information; Overseas Investment; and Crown Land; and LINZ has four independent statutory officers:

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

The role of these statutory officers has changed in recent years and they have moved from a focus on setting standards, compliance and being a regulator, to a wider view of being a leader and a steward.

Property Rights

Establishes a state guaranteed system of private property rights over freehold land and property in New Zealand. The system includes the survey and geodetic sub-systems.

Crown Land

The Crown Land regulatory system is made up of two parts:

- Crown Pastoral Land – provides a statutory system where Crown land is leased to lessees for the purpose of pastoral farming
- Crown Estate – creates the framework by which the Crown can buy and sell land, in a way that balances both public interests and private property rights.

Property Information

Provides a statutory framework for articulating a range of attributes land and property has, and includes:

- property values through the valuation system
- electoral boundaries (part of the electoral system administered by the Ministry of Justice)
- geographic names
- addressing.

Overseas Investment

Ensures that quality overseas investments in our valued assets provide net benefits to New Zealand.

We have work under way in each of these systems to improve their efficiency and effectiveness, from updating the rules that govern the quality of land surveys and property valuations to the modernisation of property transfers.

A review into the performance of these systems began in 2017/18. In the past year we have:

- clarified and confirmed descriptions of our regulatory systems, including the interfaces and other key agencies
- agreed a schedule of systems assessment, with the first one completed
- improved and invested in our regulatory capability.

We also published our first Regulatory Stewardship Strategy, which describes the four regulatory systems and how they interact with other systems, our regulatory objectives and our regulatory priorities for the next financial year.

We have reorganised ourselves to better deliver on our outcomes and our Ministerial priorities

Following the implementation of a new high-level organisational structure in April 2017, we have reviewed several of our business groups to ensure they have the right combination of skills, capability and capacity to continue to deliver and improve our core business, as well as respond to future demands from customers.

Our Property Rights business group ensures property rights information is clear, certain, easily tradable and accessible. Our staff in this area have been facing increased demand to lend their expertise to project or policy work, and have been working to increase our capability and capacity so that we can respond to meet the needs of our survey and title customers. Over the last year we have implemented:

- a new team structure so that our capability matches the types of transactions we receive from customers
- a knowledge portal so our people can quickly and efficiently find the information they need to help our customers
- new processes so that our people receive work that they have the capability to do and can work on it immediately.

In early 2018/19 we will finish implementing a new learning solution and a dedicated training team to train our people to respond to our customers' needs.

Implementing this programme of work has meant significant change for our people over the last 12 months but we are in a better position to manage our capacity and capability. We will no longer need to manage periods of high transaction volumes by interrupting training or working over-time, and we will be able to respond to the changing demands from our customers.

Similarly, our Crown Property business group has focused on adding more value to Crown Estate management both for

property we are responsible for, and more widely across the system. We have launched a new Crown Property Strategy, redesigned the Crown Property operating model, and revised the business group structure. The new structure recognises we need enhanced strategic, business intelligence and business improvement capability to support our shift to providing improved functional leadership by enabling better information and decision-making around Crown land and its best use.

We also reviewed the structure of our Policy and Overseas Investment business group and have grown its capability to provide high-quality policy advice and to reflect changes proposed in the Overseas Investment Amendment Act. The structure of the policy function within this business group aligns to our outcomes and regulatory systems and has increased resources to provide strategic policy advice. The review was informed by a 2016 report on our policy capability and capacity.

The Policy and Overseas Investment business group has responded quickly to a change in Ministerial priorities, in particular supporting the development and implementation of the proposed changes in the Overseas Investment Amendment Act. Over a short period of time the group has supported the Treasury on the development of the policy and legislation and is undertaking a significant implementation programme to prepare the OIO for the new functions it will receive.

The Policy and Overseas Investment business group has also continued to build the capacity of its monitoring and enforcement functions to meet Government expectations of the current overseas investment regime and its proposed demands.

Finally, to help align our work across the property system, we established a new role of Deputy Chief Executive Property System Infrastructure, which was scheduled to take effect in August 2018. This role takes on leadership of our Advanced Survey and Title Services (ASaTS) project to develop our Landonline system, as well as overseeing the linkages with other projects related to the property information system. We believe this will help us be well prepared for the future.

We have invested in our people and their capability

The diversity of the work we do means the people making up our workforce have a wide variety of skills and experience. Some of their work is highly specialised. The work and expertise of our people is well-regarded, with two staff winning international awards for their work on behalf of LINZ. Adam Greenland, National Hydrographer, was recognised internationally with the Alexander Dalrymple Award for his outstanding contribution to world hydrography and Paula Gentle, geodetic surveyor, was awarded the international Outstanding Young Geospatial Professionals Award for her role in enhancing New Zealand's geodetic reference frame.

We have put considerable focus and investment into the development of our people leaders and managers, recognising their capability has a real impact on the engagement and

effectiveness of staff. We are also measuring the results of that investment more deliberately.

A new toolkit to help our people develop their leadership skills and manage business processes was implemented in 2017/18. Resources to support performance management, wellbeing and safety, finance and procurement have been rolled out.

We implemented the State Services Commission's Leadership Success Profile. We made this more meaningful for staff by describing the competencies in their words and by affirming that everyone has a leadership role to play, whether as a leader of self, a technical leader, a people leader, or a leader of leaders.

The results of our annual staff survey, run in March 2018, confirmed that most staff are happy with the opportunities they receive to develop their skills and competencies. We also saw a pleasing increase in our staff engagement score, which increased from 67 percent in 2017 to 70 percent in 2018.

We are providing a safe and healthy work environment

Over the last year, we improved the wellbeing and safety of our people and third-party suppliers.

In early 2017/18 we received the results of an external audit of our health and safety practices. The report recommended that we focus on enhancing understanding of critical risk, strengthening leadership and culture, and improving staff engagement.

Priorities and achievements

1. Understanding and managing critical risk

In November, LINZ's Executive Leadership Team endorsed the organisation's wellbeing and safety risk profile, and agreed to focus on critical risks with a targeted 'deep dive' work programme. These risks include demolition works, use of helicopters and fixed wing aircraft, use of vessels and small boats, roadside working, field work in Antarctica, and driving on and off road.

In parallel with this work, we implemented a new policy around health and safety accreditation of third-party suppliers to ensure critical wellbeing and safety risk is managed by third-party suppliers. Our suppliers undertaking medium- to high-risk work are required to demonstrate they have appropriate policies and procedures in place before undertaking work on our behalf.

2. Strengthening leadership and culture

To improve LINZ's leadership around health and safety, our Executive Leadership Team attended advanced health and safety governance training, and appointed Jerome Shepherd, Deputy Chief Executive Crown Property, to chair the National Wellbeing and Safety Committee. In addition, a new dedicated Wellbeing and Safety team was established in our Human Resources group, increasing their capacity to lead this work across LINZ.

3. Improving engagement

A number of new initiatives have encouraged our people to engage in wellbeing and safety. Notable initiatives include the launch of:

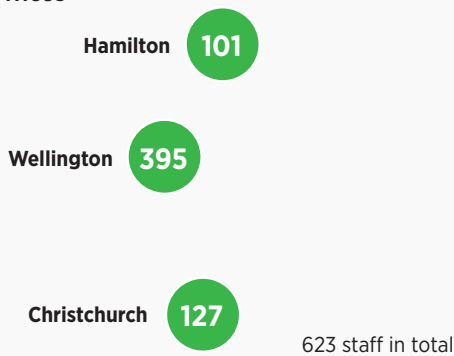
- an electronic incident reporting tool that has made it easier for people to report incident and hazards
- emergency grab ‘n’ go bags for all our people, along with training on emergency preparedness
- an e-learning module on wellbeing and safety fundamentals for everyone who works at LINZ.

LINZ continues to support wellbeing by offering free influenza vaccinations, workshops on stress management, and access to an employee assistance programme.

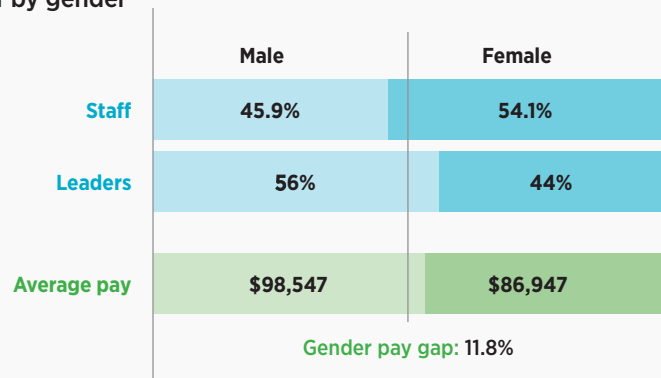
We have also reviewed and relaunched our policy around unwelcome and inappropriate behaviour to show our commitment to a workplace free of harassment, discrimination, bullying, violence of any kind, or any other form of unwelcome or inappropriate behaviour.

Our workforce

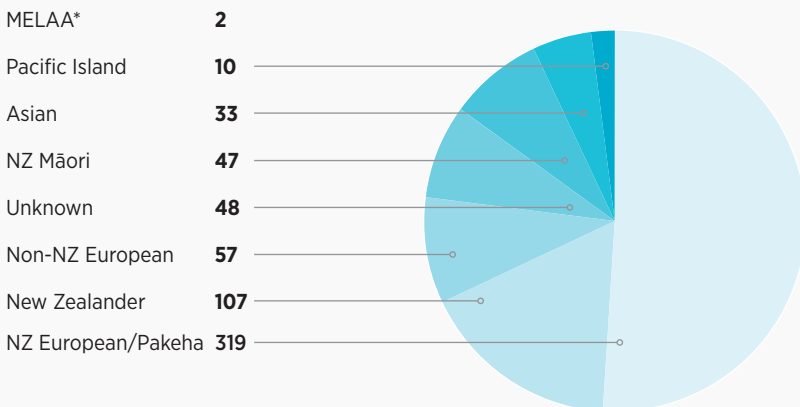
Offices



Staff by gender



Ethnicity



* Middle Eastern, Latin American and African

Average age

43.5 years

Average length of service

8.6 years



Outcome 1: High-value geographic and property information

Access to high-quality information about our land, sea and property is key to unlocking and resolving many big challenges New Zealanders really care about. This information can also be used to improve outcomes for Māori and to deliver significantly higher-value public services.

We are working across the system to ensure geographic and property information are used effectively to deliver value for New Zealand through both our core business activities as well as multi-year programmes of work.

We manage and maintain many of New Zealand's key geographic and property datasets, such as positioning, property, addresses, imagery, elevation and depth. We are improving these datasets, making them more accessible, and providing them in formats that encourage reuse. We are also working across central and local government to open up the datasets they hold for public use.

To deliver on this outcome we are transitioning to a data-centric digital-based approach, which focuses on electronic data as our end-product rather than printed maps and charts.

We are identifying key datasets and improving them

We are improving New Zealand's geographic information

We are in a unique position internationally because LINZ houses the national mapping agency, hydrographic authority and geodetic survey office within one organisation. This provides us with the opportunity to think more broadly about the future of geographic information, coordinate investment in new technologies, and leverage a combined centre of expertise and skills.

Mapping New Zealand 2025 is a 10-year programme of work to deliver the geographic information and expertise New Zealand needs to address our critical challenges. The programme improves geographic information about New Zealand's built and natural environments, both above and below the water, from the top of Aoraki/Mt Cook to the edge of the continental shelf.

There are six Mapping New Zealand 2025 initiatives, each at a different stage of maturity:

- National elevation and imagery partnerships.** More accurate elevation data is critical to modelling and analysing climate change and natural hazards, infrastructure and land use. During 2017/18 we have continued to partner with councils to improve New Zealand's elevation and imagery datasets. We have helped secure funding for regional-scale elevation data over Northland and the East Coast, and we publish large datasets online for open reuse through the LINZ Data Service. We receive around 500 requests a month for elevation data, with the top user groups being engineering, planning, surveying and architecture companies; forestry; research; and IT and telecommunications.
- Scanning New Zealand's historical imagery archive.** LINZ is the custodian of the Crown's archive of approximately 650,000 historical aerial photo negatives taken between 1936



and 2005. This is a unique resource and one that is complementary to the nation's historical written record, such as its newspaper archives. In 2014/15 we commenced a project to preserve the archive by partnering with regional councils to co-fund its digital scanning. Digitising the archive mitigates the risk of losing this irreplaceable cultural and geospatial resource. As at June 2018, we have scanned 386,000 images and these have been made available online for public reuse by the Local Government Geospatial Alliance.

- **Joining land and sea data.** 2017/18 saw us complete phase 2 of a three-phase project to develop tools for the seamless linking of land and sea data. These tools will enable us to better map New Zealand's coast and tidal boundaries.

Phase 2 has provided the ability to link land and sea data at tide gauges and has identified areas where additional information is required to provide seamless national coverage.

Phase 3 of the project, due to be implemented in 2020, will provide common reference frames for users (such as surveyors, planners and scientists) to enable nationally consistent linking of sea and land datasets and coastal mapping.

- **Coastal mapping.** Fit-for-purpose coastal mapping is essential to modelling and mitigating risks to communities, property and infrastructure. The coastal zone around New Zealand is poorly mapped because land and sea datasets are not currently connected. The tools developed under the Joining Land and Sea project will contribute to this project to map New Zealand's coastal zone.

In 2017/18 we started to plan a pilot to determine the mapping and data improvements needed in the coastal zone, where climate change processes will impact the most. This includes capturing new elevation and depth data in the coastal zone. The pilot is expected to be completed during 2020/21, and will inform how a project to completely map New Zealand's coastline might proceed.

- **Improving depth data.** Knowing the depth and shape of the seafloor (bathymetry) is fundamental for safe navigation, understanding ocean circulation, tides, tsunami forecasting, fishing resource management, sediment transport, environmental change, underwater geo-hazards, cable and pipeline routing and much more.

However, less than 20 percent of the world ocean's seafloor has been mapped. We have partnered with National Institute of Water and Atmospheric Research (NIWA) and GNS Science to lead New Zealand's contribution to the Seabed 2030

programme; a multi-year global initiative aiming to combine all existing data about the depth of the sea floor into a unified database.

The bathymetric data we collect and have collected in the past as part of our core functions will be made available to the project. We will also be contributing our expertise and, as a member of the International Hydrographic Organisation, working with our colleagues in other countries to encourage them to contribute.

- **Exploring earth observation technologies.** In March, we were a key sponsor of a two-day "What on Earth" colloquium, which brought together organisations that gather and use earth observation data (such as satellite data) to explore potential environmental and economic gains from the latest technology. We are now working with central and local government and private organisations to determine our respective roles across the system.



Earth observation mosaic of New Zealand

Contributing to resilience and climate change efforts

By placing better resilience and climate change information in the hands of policy makers, planners and responders, we are contributing to better societal and economic outcomes for New Zealanders.

Established in 2017/18, our Resilience and Climate Change programme supports efforts to prepare for, mitigate and adapt



to the impacts on land and sea of climate change and one-off events such as earthquakes. The programme has two main areas of focus: ensuring datasets that are key to decision-making are fit-for-purpose, open and accessible; and ensuring our role in supporting emergency response and recovery agencies is clear and understood across the system.

Through engagement with key stakeholders within the resilience and climate change systems, we have identified 12 key datasets critical to decision-makers. These have been assessed for their discoverability, availability and accessibility. Over the next year, we will work with internal and external stakeholders to prioritise and implement improvement plans for these datasets, including improving data quality and ensuring it is fit-for-purpose.

By providing open and accessible key datasets, the Resilience and Climate Change programme also contributes to New Zealand's commitments to building a more resilient country. Throughout 2017/18, we have been working with the Ministry of Civil Defence & Emergency Management to align our work programmes on data and information management. We are also contributing to New Zealand's commitment to the United Nations' Sendai Framework for Disaster Risk Reduction. This non-binding agreement recognises the State has the primary role to reduce disaster risk but responsibilities are to be shared with stakeholders, including local government and the private sector.

Our data also provides a more robust evidence base for planning for adaptation in response to climate change. In May 2018, the Ministry for the Environment released the *Adapting to Climate Change in New Zealand* report² and we are working in full support of its recommendations and actions.

We learnt from the Canterbury and Kaikoura earthquakes that LINZ can take a stronger leadership role during an emergency or event. During 2017/18, we have implemented a process to ensure key people, positions and expertise within LINZ are mobilised quickly and efficiently in response to an event. In the first half of 2018/19, we will work to ensure other organisations are aware of our role and the expertise we can assist them with in their response and recovery activities.

Improving the accuracy of satellite navigation systems

Satellite navigation systems are now used extensively in many of New Zealand's critical infrastructure sectors, providing

positioning, navigation and timing data to users worldwide. For example, Global Navigation Satellite System timing is critical for the communication, financial and electricity sectors.

Satellite navigation systems are also a key component in many of the modern technologies people rely on or interact with daily for surveying, car navigation, and recreational activities.

During 2017/18 we continued a two-year initiative with Geoscience Australia to trial a new Satellite-Based Augmentation System (SBAS). The SBAS uses satellites as well as ground-based infrastructure to improve the accuracy, integrity and availability of basic satellite navigation system signals.

The results of the trials carried out in 2018, and further economic analysis, will be used to inform a business case for a permanent SBAS service for Australasia.

We are improving access to key datasets

Making more data accessible through the LINZ Data Service

The LINZ Data Service provides free online access to New Zealand's most up-to-date land, seabed, and property data, so users can reuse and combine these datasets with other information to create new products and services.



In 2017/18 we had:

12,600 additional users

for the LINZ Data Service, accessing more than **2,000 publicly available datasets**

In September 2017 the LINZ Data Service was moved to a cloud-based platform to ensure the ongoing sustainability of the service and to provide greater scalability to allow us to respond more quickly and cost-effectively to demands for more storage space for new datasets.

New data made available through the LINZ Data Service in 2017/18 included new aerial imagery datasets, covering areas from Northland to Invercargill, and elevation datasets. For the first time, we also released satellite earth observation data. This dataset provides a seamless cloud-free 10m resolution satellite imagery layer of the New Zealand mainland and offshore islands.

Other newly released datasets included the Ordinate Adjustment table, sourced from our survey and title system Landonline, which contains detailed information about changes

² <https://www.mfe.govt.nz/sites/default/files/media/Climate%20Change/ccatwg-report-web.pdf>



to Landonline coordinates and will allow surveyors to assess the reliability of coordinates.

Supporting open data publishing across government

We want to make it easier for other government agencies to share their data with New Zealanders. In 2016/17 we negotiated a syndicated contract with the service provider for the LINZ Data Service platform. The syndicated contract enables agencies to use the same contract as LINZ, avoiding the lengthy and costly process of building a new system and contract from scratch.

Throughout 2017/18, we have focused on promoting the syndicated contract with other government agencies, and three other agencies (Ministry for the Environment, Statistics NZ and Landcare Research) have signed up to the contract and have functional data publishing services in place. We are engaging with 11 further organisations that have indicated an interest in using the syndicated contract for publishing their data.

Nautical charts and up-to-date navigation information are easier to find

Having accurate and current nautical charts and navigation information is essential for keeping skippers and boaties safe at sea.

In July 2017, a 10-month hydrographic survey programme, using state-of-the art multi-beam sonar technology, was completed for the Queen Charlotte Sound / Tōtaranui and Tory Channel / Kura Te Au areas. To get the best value for money for rate and tax-payers, this survey programme was a partnership between LINZ and the Marlborough District Council and has meant both organisations have shared the benefits of the survey. The Council is using the survey data to support environmental understanding, ecosystem restoration and resource management. We have used the survey data to update charts for safety of navigation, which are available on our new Online Chart Catalogue.

In June 2018, we launched the new Online Chart Catalogue, the tool mariners use to identify nautical charts and other marine information. With a more intuitive layout and improved searchability, users are able to access information about our charts faster and more easily. This new service enables users to subscribe to particular charts of interest and receive customised notifications.

We are connecting core property data

Managing and responding to pressures on urban areas from population growth is a key challenge for New Zealand. Our multi-year Integrated Property Services programme aims to

enable better decisions to be made around property by connecting and improving property information.

Over the last year, we have been engaging with local and regional councils, central government agencies and commercial users of property information to better understand the major areas of concern and how we can potentially add value in this space. We developed an internal business case outlining the options to progress the programme and over the next 18 months we will be focusing on creating a complete and comprehensive national dataset of addresses.

Throughout 2017/18 we have also been working with an IT innovation team to test how existing property data from various sources can be linked together and have created a proof of concept tool called the Property Explorer. We are working with Environment Canterbury to explore how the tool might help them understand ownership issues around braided rivers and support the protection of these iconic waterways.

We are raising awareness and capability to use geographic data

Geographic and property datasets can only be useful in decision-making if New Zealanders can find what data is available and have the capability to use this data to produce the information that decision-makers need. Demand for geographic information skills is increasing.

We are working with partners to provide virtual field trips free to schools

Since 2012 we have been working to engage the interest of young New Zealanders in geographic information and systems, before they determine their career paths. We contribute to the LEARNZ programme of virtual field trips, which take New Zealand students on learning expeditions to remote places all over New Zealand and Antarctica.

The LINZ geospatial virtual field trips are free for schools and the online material is linked with the New Zealand school curriculum.

Our geospatial virtual field trips on topics such as satellite positioning, resilience to natural hazards, and navigating and positioning introduce students to geographic information systems and technologies. Our Map My Wāhi virtual field trip, aimed at Māori students, gave students the knowledge and skills to map areas of interest to them using the MyMaps tool. In 2017/18 more than 6,000 students participated in our field trips. We have extended our contract to provide these field trips through to 2020.



Outcome 2: World-class property system

Property is more than just a key economic asset, it is our homes, our communities, our cities, how we work and live, our aspirations and our culture.

Underpinning this is a property system that sets out and guarantees what is owned, who owns it, their rights as owners, and how it can be transacted.

New Zealanders need to be confident the system works for the country. New Zealand's property system is currently ranked first in the world,³ and we will ensure it continues to evolve to meet the changing needs of New Zealanders.

Given the importance of the property system to New Zealand's economic and social wellbeing, we are focused on ensuring our survey and title technology platform is prepared to deliver long-term benefits for New Zealand and that tenure constructs meet the changing needs of both homeowners and Māori landowners.

We are maintaining and upgrading critical infrastructure

Providing survey and title services has always been a core function of ours. Since 2000 New Zealand's survey and title services have been provided by an electronic register called Landonline. Landonline is a critical piece of the country's infrastructure that supports all property transactions in New Zealand and holds more than 2 million property titles. Our customers transact 600,000 land title instruments and 10,000 subdivision plans annually. However, Landonline is increasingly difficult to support and enhance, which limits our ability to respond to changing customer needs.

Since 2013 we have been working on the ASaTS project, which is seeking to replace our aging Landonline system and expand the range of services around it. ASaTS aims to deliver next generation technology and significantly improve the quality and range of survey and title services that we provide to our customers. ASaTS will also support high-quality decision-making by increasing the availability and quality of property information, while moving the survey and title service to an agile and sustainable technology platform.

While considering ASaTS, we continue to invest in Landonline to ensure it is a secure system with high availability for our customers. For instance, in 2017/18 we shifted the Landonline servers to the all-of-government "desktop as a service" offering, which future-proofs Landonline by ensuring service continuity.

We are reviewing LINZ's property regulatory settings

We have been working to ensure the regulatory settings underpinning the property rights system are fit-for-purpose currently and for the future.

The Land Transfer Act 2017 was passed on 10 July 2017 and comes into force in November 2018. The new Act modernises and streamlines New Zealand's land transfer legislation, while retaining the fundamental concept of indefeasible, state-guaranteed title for registered land-owners. New provisions include allowing the court limited discretion, in the event of fraud or other illegality, to restore a landowner's registered title to avoid a manifestly unjust result.

New regulations are required to support the implementation of

³ The World Bank ranks New Zealand first in the world for the ease of registering property <http://www.doingbusiness.org/rankings> as at 1 June 2017.



the Act. Draft regulations were developed in collaboration with stakeholders during 2017/18 and published for consultation, closing in late April 2018. The regulations will be finalised before the Act comes into force in November 2018.

We also began a review of the Rules for Cadastral Survey 2010 in 2017. The review will address any difficulties surveyors have with the current rules and will reflect changes that have occurred in surveying since 2010 as a result of new technology and earthquakes. Feedback was sought from stakeholders on issues and opportunities the review should consider. Subsequently, a series of workshops were held with surveyors on proposed changes. The second phase of the review, the technical drafting of the rules themselves, will begin in 2018/19.

We have updated Landonline to reflect earthquake ground movement

New Zealand is constantly moving as the tectonic plates on which it lies shift, and it is our role to ensure the geodetic system that defines the location of all the features of New Zealand's sea and land is accurately maintained. The November 2016 Kaikoura earthquake caused both vertical and horizontal ground movement, with horizontal coordinate changes of up to 6m in some instances. In January 2018, we updated features in Landonline with the new coordinates, including 70,000 land parcels, so they now correspond with other important post-earthquake data such as aerial imagery.

We also completed the first year of a three-year project to improve cadastral coordinates across the nation, particularly in areas where the geodetic and cadastral coordinates had become misaligned over time, such as in Blenheim due to earthquakes. As a result of these updates, surveyors are finding conflicts between their new data and existing Landonline data have reduced by a third in areas we have completed. The reduction in conflicts saves time and money for surveyors and our staff.

We are ensuring the integrity of valuations

Local authorities undertake rating valuations at least every three years and use these to determine annual property rates. Because of this, New Zealanders need to know that rating valuations are set fairly. The Valuer-General, an independent statutory officer within LINZ, sets the standards for rating valuations and audits valuation providers and local authorities against them.

Every ratepayer has a statutory right of objection to their rating valuation and the availability of this review mechanism for each property helps to underpin public confidence in the system. We

also audit the objection review process for compliance with the Rating Valuations Rules 2008.

In 2017/18 close to 1 million properties were revalued as part of general revaluations. This equates to approximately half of all New Zealand properties. We audited the process and accuracy of revaluations undertaken by 24 local authorities across New Zealand, ranging from Kaipara down to Invercargill.



Outcome 3: Making best use of the Crown Estate

The Crown owns land on behalf of all New Zealanders, and we manage land on behalf of the Crown. Our work reflects the interests of past, present and future generations.

We are stewards and guardians of this land, balancing these interests now so the land and its ecosystems endure and are sustainable into the future.

We play a significant role in managing the Crown Estate. Our focus is on improving the understanding across government of when land is surplus and what its best use may be; improving our operational intelligence capabilities to help us make sound land management decisions; and improving our management of land to help deliver government priorities.

To successfully deliver on this priority, we have recognised that we will need to be more system-focused and work more cohesively with other agencies and interested parties.

We are contributing to national biosecurity efforts

We have been working to remove weed from Lake Wanaka

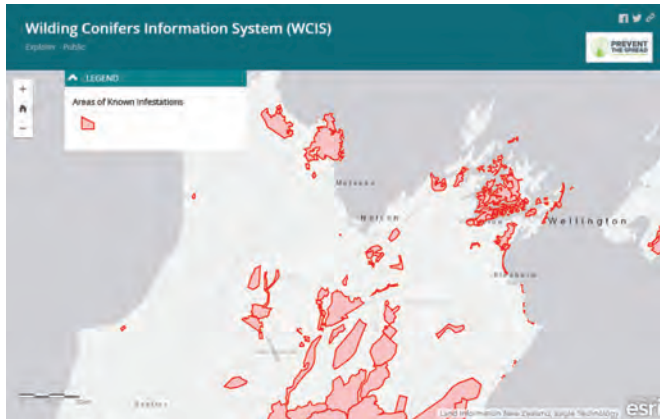
We are responsible for pest management in Crown-owned lakes and on the Crown land that we manage. To control aquatic weed in Crown-owned lakes throughout New Zealand, we work closely with other government agencies, councils and private operators. Our control programmes are agreed and funded collaboratively.

We have seen some pleasing results from our 2017/18 control work, with monitoring by NIWA showing that large parts of Lake Wanaka remain free of the invasive weed lagarosiphon, thanks to coordinated efforts led by LINZ. In 2017/18 more than 600 catch-bags of weed were pulled by divers, more than 20,000 square metres of the lake bed lined with hessian matting, and at least 3 hectares of the lake sprayed with herbicide.

We are using technology to help control invasive species

We also contribute to and play an influential role in a number of key national biosecurity and biodiversity strategies and programmes, such as the National Wilding Conifer Control Programme.

The spread of wilding conifers is a nationwide issue – these trees can invade and destroy natural landscapes if left unchecked. In July 2017, our web-based national wilding conifer mapping and monitoring tool was launched and subsequently won a New Zealand Spatial Excellence Award in the Environment and Sustainability category. It has also won a Special Achievement in GIS (SAG) Award from ESRI, a US mapping company. This award is given to user sites around the world to recognise outstanding work with GIS technology.



Screenshot of Wilding Conifers Information System app

The tool is now being used by staff in the field to enter their data on infestations and their control work. GPS is used to collect the data when control work takes place, providing accurate location information. This has been further enabled through the development of a mobile phone app. The tool provides the multiple agencies fighting the spread of wilding conifers with a complete picture of infestations throughout the country and has supported the programme to make good progress across 17 priority locations to date.

We also used our expertise in information management and spatial solutions to support national rabbit control efforts. We developed a web application to map and monitor the spread and success of the recently released RHDV1-K5 rabbit virus. This data is helping to provide evidence for the virus' effectiveness.

We are developing a new Crown Property Strategy and working across government

In 2017/18 we developed a new Crown Property Strategy, which we shared with the major landholding agencies. We also took the first steps towards a unified Crown Land Decision-Making Framework. This will be key to a common understanding across government of the public value of land and that agencies responsible for Crown land make consistent, well-informed decisions regarding the best use of land they manage.

There is strong support by stakeholders for a more integrated approach to managing Crown land. This was the theme of our third Crown Property Forum, held in April 2018 and attended by more than 160 delegates representing a wide mix of government and private sector agencies and several iwi.

We are developing a register of Crown land

Currently there is no central repository of information about Crown land. Each agency keeps its own records about the

parcels of land they own, what they're used for, and the rights and restrictions over each. We have begun developing a central register of all Crown land to create greater certainty and easier access to Crown land information. This should help to streamline transactions of Crown land and provide more certainty that surplus Crown land is being put to its best use.

We manage land and property on behalf of the Crown and other agencies

We manage about 8 percent (almost 2 million hectares) of New Zealand's land on behalf of the Crown. This includes pastoral land in the South Island high country; lakebeds; riverbeds; Crown forest land; and a broad range of residential and commercial properties including closed schools, courthouses, and prisons; worth approximately \$2 billion. We aim to ensure this land is sustainably managed and allocated to its best use to deliver government priorities, outcomes for Māori, and benefits for all New Zealanders.



LINZ manages almost

2 million hectares of land, about 8% of New Zealand.

Our role in managing Crown property has been growing in recent years, with increased responsibility for other agencies' land portfolios and the transfer of responsibilities, such as clearing and managing residential red zone land in Christchurch and managing Treaty Settlement Landbank properties. This, along with a change of Government priorities and the increased risk of damage to land from climate change and natural disasters, has increased the need for us to take even more of a functional leadership role in managing the Crown Estate.

Our Crown Property business group offers a range of end-to-end services for other Crown agencies, including acquisition, tenancy and property management, disposal, and provision of advice and information.

Our services improve efficiencies across government, reduce costs and free up Crown agency resources so they can focus on delivering their core business. In August 2017 we signed a Memorandum of Understanding with the Ministry of Health to manage its disposals and property management, bringing the number of agencies we currently provide disposal or property management services for up to 11.



LINZ manages more than
700 properties
on behalf of eight other agencies

We also manage the Office of Treaty Settlements' Landbank portfolio of around 950 properties that are being held for potential use in future Treaty of Waitangi settlements.

This year we worked with the Office of Treaty Settlements to also enable the Māori Protection Mechanism process to be undertaken through the Crown Property Disposals portal, building on work done in 2016/17 to enable iwi to respond to Right of First Refusal offers online.



During 2017/18 LINZ disposed of
70 properties
for other agencies, releasing
\$22.2 million for reinvestment in other services and products for New Zealanders.

We manage interests in the South Island high country

Of the land we manage, over a million hectares is held in Crown pastoral leases in the South Island high country. This land includes some of New Zealand's iconic high country scenery that is culturally, environmentally and economically significant.

Under the Land Act 1948, holders of pastoral leases have 33-year leases with perpetual rights of renewal. While the Crown owns the pastoral lease land, the lessee has exclusive possession of the land and the right to graze the land. Lessees need permission to carry out other activities on their leasehold.

Leases are managed by the Commissioner of Crown Lands, an independent statutory officer who works with farmers on how they can use this land. We help the Commissioner of Crown Lands to manage the pastoral leases, conduct rent reviews of the leases and administer the tenure review process.

Tenure review is a negotiated process voluntarily entered into by pastoral lessees, whereby land with significant inherent values is returned to full Crown ownership - usually as part of the conservation estate - and land capable of economic use is freeholded to the lessee. At the end of 2017/18 approximately 45 percent of pastoral leases had not yet elected to enter into the tenure review process.

In 2017/18 we undertook an assessment of the Crown pastoral

land regulatory system. The assessment identified several opportunities for improvement. In 2018/19 we will be working to develop a strategy for monitoring and enforcement and looking to work more closely with the Department of Conservation on the processing of discretionary consents.

We are working on a joined-up approach to the Mackenzie Basin

We have also been working alongside the Department of Conservation and three councils - Environment Canterbury, Mackenzie District Council and Waitaki District Council - to develop a common approach to the management of high country land in the Mackenzie Basin.

Each agency has statutory responsibility for aspects of land and water management in this iconic region. In February we released the Mackenzie Basin Agency report on what could be done to achieve greater alignment between our organisations for the good of the community and New Zealand.

We held two well-attended meetings to present the report to stakeholders. Overall the report was well received, and we have implemented two key recommendations and are working to prioritise the implementation of the other recommendations.

LINZ set up the High Country Advisory Group to help stakeholders who represent farming, environmental, iwi and local/central Government interests to have input into the management of Crown Land in the South Island High Country.

We also established the "officer clearing house", which brings relevant land management experts from the Department of Conservation, LINZ, Environment Canterbury, Mackenzie District Council, and Waitaki District Council together to discuss various consents and monitoring programmes.



Mackenzie Basin



We are supporting the regeneration of Christchurch

The Crown now owns more than 7,700 residential properties across greater Christchurch that were red-zoned after the earthquakes, and we are responsible for managing them. That includes clearing and keeping the areas safe, secure and tidy until decisions can be made about their long-term use.

We are divesting land back to local authorities and encouraging transitional use

In June 2018 we finalised the divestment of nearly 1,000 Crown-owned red zone properties in the Waimakariri district to the Waimakariri District Council and Te Kōhaka o Tūhaitara Trust, so they can implement the land uses set out in the Recovery Plan. This is a significant milestone for the regeneration of Kaiapoi, The Pines Beach and Kairaki and supports the Government's commitment to locally led recovery and regeneration.

We have been encouraging the transitional use of red zone land where future use decisions are yet to be made by Regenerate Christchurch. This year the maximum lease period was increased from two to five years for transitional land uses of Crown-owned red zone land. This is expected to increase regeneration momentum by encouraging more people back into the area and enabling more innovative transitional uses. Examples of innovative transitional use of red zone land include the trial of new drone flight planning software by Airways New Zealand and a new locally led initiative to protect and grow the bee population.

We are supporting responsible camping on LINZ-managed land

Over the past decade the volume of campers using LINZ-managed land has increased significantly, resulting in ongoing costs, including cleaning, maintenance, waste and rubbish removal, and the need for site upgrades.

We have been building on our relationships with local councils to improve how we work together to manage responsible camping. We are working closely with the Central Otago, Mackenzie and Queenstown-Lakes Councils to prepare for the 2019 summer season. The Mackenzie and Central Otago Councils have submitted bids to the Provincial Growth Fund to support this work.

In preparation for the 2018 summer, we upgraded sites around Lake Dunstan and Lake Pukaki. This included infrastructure improvements in Bendigo, Central Otago, where we invested \$200,000 on levelling and resurfacing the road and car park

areas, marking and fencing areas for camping, new toilets, and installing solar powered self-compacting rubbish bins. We also increased the frequency of monitoring of sites over summer to help ensure the sites and facilities were coping with the influx of visitors.

In addition to the work we are doing to support councils, we are developing a new strategy for managing responsible camping on the Crown land we administer. This will help us to take a more deliberate and proactive approach, including:

- making better decisions about where we allow camping to occur
- developing tailored plans for particular sites, in collaboration with stakeholders
- making it easier for councils and the public to access our information
- taking a more targeted and methodical approach to monitoring and enforcement.

We will also continue to participate in cross-government work to support the Responsible Camping Working Group and its long-term work programme to drive better camping management across government.



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

Investing in and owning assets New Zealanders care deeply about is both a privilege and an opportunity. Our role is to ensure investments in such assets by foreign buyers generate real and substantial benefits to local communities and the country as a whole.

The OIO is responsible for assessing applications from overseas investors, making consent decisions and ensuring investments in valued assets benefit New Zealand. In 2017/18 our focus in this area has been responding to new Government priorities and improving our monitoring and enforcement function.

We have responded to new government priorities

On 28 November 2017 we received the new Ministerial Directive Letter from the Minister of Finance. The letter outlines for the OIO the Government's policy approach to overseas investment in sensitive New Zealand assets and the relative importance of different types of overseas investment, as well as other matters.

The Directive Letter raised the bar for applicants, in particular those seeking to purchase sensitive rural land. The new directives were incorporated into our application assessment process from 15 December 2017.

The Overseas Investment Act is administered by The Treasury and we have closely supported them in the development of policy and legislation for the Overseas Investment Amendment Bill. The Bill, introduced in December 2017, and a Supplementary Order Paper released in March 2018, proposed changes for overseas people acquiring residential property, forestry rights and certain other types of profits à prendre (the right to take natural resources from a property).

A key focus for us has been responding to the policy options proposed and supporting the Minister for Land Information. We are also preparing to implement the changes to the legislation in October 2018 following the Bill gaining Royal Assent. This significant programme of work will affect the OIO operating model, external stakeholder engagement, communications and IT systems.

We are ensuring quality overseas investment

In 2017/18 we continued our work to improve investor understanding of and compliance with the Overseas Investment Act 2005 and consent conditions.

We reviewed and improved the conditions of consent for successful applicants. We developed standard conditions for all consents written in clear and concise "plain English" language. These changes make it easier to monitor conditions of consent, helping us to ensure approved investments provide the expected benefits.



We strengthened our processes and principles for developing special consent conditions, to ensure these are tailored to the investment and investor, able to be complied with and be effectively reported on and monitored. We also developed a reporting template to help consent holders report on compliance with and progress on meeting their conditions of consent.

Our development of consent conditions was informed by discussion with our Legal Reference Group, a small group of experienced Overseas Investment Act lawyers who provide us with free and frank advice on issues of relevance. The Legal Reference Group met for the first time in November 2017.

The Auditor-General released a report in April 2018 following a review into how the OIO assesses applications from overseas people. The Auditor-General found the OIO does provide the decision-maker with the right information to recommend whether consent for an investment should be granted.

The Auditor-General's report found the OIO collected, considered and used information carefully in preparing recommendations after reviewing applications, and that it provided the decision-maker with a comprehensive file of information to support its recommendations.

We have focused on monitoring and enforcement

Our enforcement team reviewed more than 150 incidents in 2017/18. These are matters that have been identified through our own surveillance or where the public has reported suspected breaches to us. We undertook 40 enforcement actions as a result of our investigations.



More than **150 incidents** reviewed for possible breach in 2017/18 and
40 enforcement actions taken

In March, we had a successful outcome to a legal proceeding we took against four overseas investors who purchased sensitive land in Glendowie, Auckland without obtaining consent under the Overseas Investment Act. The High Court judgment resulted in the four overseas investors being fined and ordered to pay costs totalling \$847,000 for failing to get consent before purchasing.

The OIO continues to provide information on the enforcement action it has taken on its website. This year has seen the OIO require a number of investors to dispose of their properties, either because they did not have consent or failed to deliver on their conditions of consent.

We are improving public information on decision-making

One of our goals is to increase the transparency of our processes and decisions, so New Zealanders have confidence in the benefits generated by overseas investment. In 2017/18 we improved the quality of decision summary information we release, so it is more accessible for media and other interested parties. We will continue to bring more visibility to this area of our work.

Our future focus

The OIO will continue to make improvements to its processes and information provided to applicants, their advisors and other interested parties.

As part of our work on implementing the Overseas Investment Amendment Bill we are focused on improving the way we assess applications. This includes continuing to make improvements to how we use information, updating website content to support new application processes and providing guidance on how best to make an application. We will continue to engage and develop relationships with other government agencies and key industry bodies. As a result of these changes the property sector and the home buying and selling public will have an increased awareness of LINZ and the OIO.

Our performance reporting

This section presents our delivery of outputs against the statement of performance expectations measures set out in the Estimates of Appropriations for **Vote Lands** 2017/18.




The Estimates of Appropriations are available from the Treasury's website at www.treasury.govt.nz/budget/2017.

Administering the Overseas Investment Regime

This appropriation is intended to achieve effective administration of New Zealand's overseas investment regime.

Performance Measures

Ministerial satisfaction with Land Information New Zealand's advice on overseas investment matters.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 8/10	 7/10	 6/10 ⁴

4 This result was provided by the Minister for Land Information. A response had not been received from the Associate Minister of Finance at the time of publishing.



Applications are decided within agreed timeframes.⁵

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Not achieved⁶

5 Agreed timeframes are: 20% of applications are decided within 20 working days of acceptance, 55% of applications are decided within 30 working days of acceptance, 90% of applications are decided within 50 working days of acceptance.

6 2017/18 performance: 25% of applications decided within 20 working days, 39% within 30 working days, and 71% within 90 working days of acceptance.

Stakeholder satisfaction with Land Information New Zealand's Overseas Investment Office performance.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	 7/10	 6.4/10 ⁷

7 This result was calculated based on responses from seven respondents.

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	20	40

Financial Performance - Administering the Overseas Investment Regime



Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
-	Revenue Crown	-	-
5,204	Revenue other	4,938	4,946
5,204	Total revenue	4,938	4,946
6,048	Total expenses	7,282	5,813
(844)	Net surplus/(deficit)	(2,344)	(867)

Administering the Residential Property Regime

This appropriation is intended to achieve effective administration of New Zealand's Residential Property Regime.

Performance Measures

Ministerial satisfaction with Land Information New Zealand's advice on residential property regime matters.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	 7/10	 7/10

Financial Performance – Administering the Residential Property Regime

Actual	Unaudited Supplementary	Actual
2017	Estimates	2018
\$000	2018	2018
	\$000	\$000
- Revenue Crown	-	-
- Revenue other	-	-
- Total revenue	-	-
- Total expenses	1,500	1,075
- Net surplus/(deficit)	(1,500)	(1,075)

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 Measures

Capital expenditure is in accordance with the Capital Asset Management Plan.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Not achieved	Achieved	Achieved

Financial Performance – Land Information New Zealand – Capital Expenditure Permanent Legislative Authority

Actual		Unaudited Supplementary	Actual
2017		2018	2018
\$000		\$000	\$000
1,107	Property, Plant and Equipment	2,000	523
1,558	Intangibles	3,000	2,771
-	Other	-	-
2,665	Total expenses: Departmental	5,000	3,294

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.

Financial Performance - Canterbury Earthquake Recovery Land Ownership and Management Multi-Category Appropriation (Departmental and Non-Departmental)




Actual		Unaudited Supplementary	Actual
2017		2018	2018
\$000		\$000	\$000
7,714	Revenue Crown	7,421	7,421
-	Revenue other	-	-
7,714	Total revenue	7,421	7,421
6,705	Total expenses Departmental	7,421	6,528
55,344	Total expenses Non-Departmental	76,575	25,022
62,049	Total expenses	83,996	31,550
(54,335)	Net surplus/(deficit)	(76,575)	(24,129)

Managing the recovery

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

Performance Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
		

Financial Performance - Managing the Recovery (Departmental)

Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
4,883	Revenue Crown	5,961	5,961
-	Revenue other	-	-
4,883	Total revenue	5,961	5,961
4,753	Total expenses	5,961	5,514
130	Net surplus/(deficit)	-	447

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 Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Not reported	Within 10% of the agreed plan	Not reported⁸

⁸ 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.

Financial Performance - Acquisition and Disposal Expenses (Departmental)

Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
2,831	Revenue Crown	1,460	1,460
-	Revenue other	-	-
2,831	Total revenue	1,460	1,460
1,952	Total expenses	1,460	1,014
879	Net surplus/(deficit)	-	446

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

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Within 2% of the agreed plan	Not reported ⁹

⁹ 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. Three properties became available during 2017/18 and were cleared.

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Within 10% of the agreed plan ¹⁰	Achieved

¹⁰ The plan for 2017/18 was 100% of available Crown-owned properties will be cleared in 2017/18. Nineteen properties that were available to be cleared were completed in 2017/18.

Financial Performance - Clearance of built structures and associated works (Non-Departmental)

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
10,410	Total expenses	2,522	729
(10,410)	Net surplus/(deficit)	(2,522)	(729)

Management and clearance of land

This category is intended to achieve management of Crown-owned land in the Residential Red Zone.

Performance Measures

Land clearance and treatment completed on Crown-owned properties in the flat land Residential Red Zone.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Within 2% of the agreed plan	Not reported ¹¹

¹¹ 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. Three properties became available during 2017/18 and were cleared.

Financial Performance - Management and clearance of land (Non-Departmental)


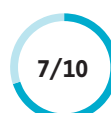
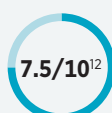
Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
4,611	Total expenses	11,380	4,468
(4,611)	Net surplus/(deficit)	(11,380)	(4,468)

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 Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 8.1/10	 7/10	 7.5/10 ¹²

¹² This result was calculated based on responses from 29 respondents.

Financial Performance - Crown Land Multi-Category Appropriation

Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
29,132	Revenue Crown	24,853	24,853
3,888	Revenue other	8,512	2,758
33,020	Total revenue	33,365	27,611
29,319	Total expenses	33,663	29,557
3,701	Net surplus/(deficit)	(298)	(1,946)

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 Measures

The timeliness of Clearances decisions is maintained or improved.¹³

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

¹³ Average processing time is measured against the baseline from the previous year. For 2017/18, the baseline was a median of 5.0 days, with 99% of applications processed in 5.79 days.

Financial Performance - Centralised clearance service for acquisitions and disposals

Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
-	Revenue Crown	-	-
1,095	Revenue other	900	767
1,095	Total revenue	900	767
1,096	Total expenses	1,198	1,296
(1)	Net surplus/(deficit)	(529)	(529)

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

Realised disposal value of properties is in accordance with agreed plan (other agencies).¹⁴

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

¹⁴ The plan for 2017/18 was that realised disposal value is no less than 90% of the current market value for all sales.

Disposal of properties is within agreed timeframes (other agencies).¹⁵

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

¹⁵ The agreed timeframe was that average disposal time is no more than 36 months.

Financial Performance - Land disposal services for other agencies

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
621	Revenue Crown	1,241	1,241
2,196	Revenue other	6,999	1,231
2,817	Total revenue	8,420	2,472
2,296	Total expenses	8,420	1,701
521	Net surplus/(deficit)	-	771

Land Information New Zealand Biosecurity Programme

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

Performance Measures

Infestation at key sites is controlled in accordance with agreed plan.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Within 10% of the agreed plan	Achieved

Financial Performance - Land Information New Zealand Biosecurity Programme

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
3,157	Revenue Crown	3,136	3,136
484	Revenue other	613	733
3,641	Total revenue	3,749	3,869
4,484	Total expenses	3,749	3,963
(843)	Net surplus/(deficit)	-	(94)

Management of Crown land

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

Performance Measures

Realised disposal value of properties is in accordance with agreed plan (LINZ owned properties). ¹⁶		
2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

¹⁶ The plan for 2017/18 was that realised disposal value is no less than 90% of the current market value for all sales.

Rental collection from properties is within agreed plan. ^{17 18}		
2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

¹⁷ The plan for 2017/18 was that outstanding rent is no more than 4% of total revenue.

¹⁸ 'Outstanding rent' is calculated as debt that is three or more months old.

The proportion of discretionary Crown pastoral lease consents upheld is maintained or improved.		
2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Not measured	Achieved	Not reported ¹⁹

¹⁹ Information relating to this performance measure was not collected and the measure has been removed for 2018/19.

Financial Performance - Management of Crown land


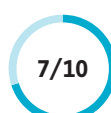
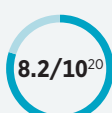
Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
25,354	Revenue Crown	20,476	20,476
113	Revenue other	-	27
25,467	Total revenue	20,476	20,503
21,443	Total expenses	20,476	22,597
4,024	Net surplus/(deficit)	-	(2,094)

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

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 8/10	 7/10	 8.2/10 ²⁰

²⁰ This result was calculated based on responses from 339 respondents.

Data released by Land Information New Zealand has been assessed under NZGOAL and appropriately licensed.²¹

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

²¹ 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

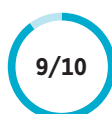

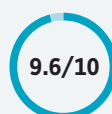
Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
29,368	Revenue Crown	27,314	27,314
4,836	Revenue other	4,829	4,226
34,204	Total revenue	32,143	31,540
31,035	Total expenses	32,143	30,644
3,169	Net surplus/(deficit)	-	896

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 Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 9/10	 7/10	 9.6/10

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

Actual		Unaudited Supplementary Estimates	Actual
2017 \$000		2018 \$000	2018 \$000
989	Revenue Crown	783	783
-	Revenue other	-	-
989	Total revenue	783	783
805	Total expenses	783	806
184	Net surplus/(deficit)	-	(23)

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

Current address information is received or sought from territorial authorities.²²

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Not achieved

22 The plan for 2017/18 was that address information is received or sought from 100% of territorial authorities at least every 3 months. In 2017/18 address information was sought from 99% of territorial authorities every three months.

Maintenance of topographic products is in accordance with agreed timeframes.^{23 24}

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Not achieved

23 That on average, high visibility changes in the landscape are maintained within 30 working days. On average, road corridor and selected updates are maintained within 12 working days. In 2018/19 high visibility changes in the landscape were maintained within 31.9 working days. No road corridor or selected updates were required during 2018/19.

24 Working days are calculated using time worked on the product, not lapsed time.

Survey mark defects are rectified in accordance with agreed timeframes.²⁵

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

25 All defects notified to LINZ are rectified within two working days of notification.

Availability of Global Navigation Satellite System data is in accordance with agreed timeframes.²⁶

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

26 Note that timeframes vary for different data and are specified in the contract specifications supplied to the contractor.

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
99.3%	98%	99.5%

Maritime hazards and critical information are notified within agreed timeframes.²⁷

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

27 The agreed timeframe is that maritime hazards and critical information are notified within one working day.

Sea level data is transmitted and received within agreed timeframes.²⁸

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
98.7%	95%	98.8%

28 The agreed timeframe is that sea level data is transmitted and received within 10 minutes.

New information from hydrographic surveys is available on charting products within agreed timeframes.²⁹

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

²⁹ New information from hydrographic surveys is available on charting products within 12 months.

Financial Performance - Land Information New Zealand location based information infrastructure

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
22,293	Revenue Crown	22,933	22,933
3,759	Revenue other	4,679	3,749
26,052	Total revenue	27,612	26,682
23,034	Total expenses	27,612	24,601
3,018	Net surplus/(deficit)	-	2,081

Leading the New Zealand geospatial strategy

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

Performance Measures

Fundamental geospatial datasets are maintained or improved.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Not reported³⁰

³⁰ Information on this measure was not collected in 2017/18 and this measure has been reworded for 2018/19 to reflect the work being carried out on key datasets as part of delivering our outcomes.

Financial Performance - Leading the New Zealand geospatial strategy

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
6,086	Revenue Crown	3,598	3,598
1,077	Revenue other	150	477
7,163	Total revenue	3,748	4,075
7,196	Total expenses	3,748	5,237
(33)	Net surplus/(deficit)	-	(1,162)

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	Actual
2017		2018	2018
\$000		\$000	\$000
3,950	Revenue Crown	4,064	4,064
-	Revenue other	-	-
3,950	Total revenue	4,064	4,064
3,725	Total expenses	4,064	3,971
225	Net surplus/(deficit)	-	93

Ministerial services, appointments, implementation and operational policy

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

Performance Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
		

Financial Performance - Ministerial services, appointments, implementation and operational policy




Actual		Unaudited Supplementary	Actual
2017		2018	2018
\$000		\$000	\$000
754	Revenue Crown	750	750
-	Revenue other	-	-
754	Total revenue	750	750
741	Total expenses	750	836
13	Net surplus/(deficit)	-	(86)

Policy advice


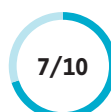
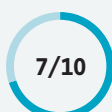
This category is intended to achieve high quality, timely policy advice and services to Ministers.

Performance Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 7.4/10	 7/10	 7.6/10

Ministerial satisfaction with Land Information New Zealand's policy advice.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 7/10	 7/10	 7/10

The total cost per output hour of producing policy advice.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
\$127	Up to \$140 per output hour	\$138.39



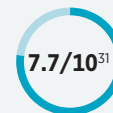
Financial Performance - Policy advice

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
3,196	Revenue Crown	3,314	3,314
-	Revenue other	-	-
3,196	Total revenue	3,314	3,314
2,984	Total expenses	3,314	3,135
212	Net surplus/(deficit)	-	179

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 Measures

Customer satisfaction with survey and title services.		
2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 7.6/10	 7/10	 7.7/10 ³¹

³¹ This result calculated based on responses from 1,305 respondents




Financial Performance - Property Rights Multi-Category Appropriation

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
400	Revenue Crown	800	800
73,117	Revenue other	72,335	70,113
73,517	Total revenue	73,135	70,913
70,284	Total expenses	92,519	83,978
3,233	Net surplus/(deficit)	(19,384)	(13,065)

Regulating Valuation

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

Performance Measures

Valuers Registration Board satisfaction with support provided by Land Information New Zealand.		
2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
 9/10	 7/10	 10/10

The time to investigate complaints against valuers is maintained or improved.³²

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

³² The 2017/18 plan is that an average time of 89.5 days is maintained.

Objections to rating valuations are settled in accordance with agreed plan.³³

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

³³ The 2017/18 plan is to settle 80% within plus or minus 30% of original rating valuation.

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

Financial Performance - Regulating Valuation

Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
-	Revenue Crown	-	-
1,444	Revenue other	2,516	1,547
1,444	Total revenue	2,516	1,547
1,456	Total expenses	2,516	1,728
(12)	Net surplus/(deficit)	-	(181)

The Survey and Title system

This category is limited to the provision of the system for providing information, transacting and recording land property rights including establishing standards.³⁴

³⁴ Note this is the scope statement from the *Estimates of Appropriation 2017/18* as the intention statement had been entered incorrectly.

Performance Measures

Landonline system is available to customers in accordance with agreed times.³⁵

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
99.72%	99.5%	99.60%

³⁵ The agreed timeframes are that the Landonline system will be available to customers from 7am to 9pm Monday to Thursday, 7am to 7pm Friday, and 9am to 5pm Saturday.

The time for approving cadastral survey datasets is maintained or improved.³⁶

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

³⁶ Average processing time is measured against the baseline from the previous year. For 2017/18, the baseline was a median of 6.7 days, with 99% of applications processed in 40.4 days.

The time for integrating approved cadastral survey datasets is maintained or improved.³⁷

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

³⁷ Average processing time is measured against the baseline from the previous year. For 2017/18, the baseline was a median of 5.7 days, with 99% of applications processed in 29.5 days.

The accuracy of approved cadastral survey datasets is maintained or improved.³⁸

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

³⁸ Accuracy is measured against the baseline from the previous year. For 2017/18, the baseline was that less than 2% of survey transactions would require correction.

The time for processing title transactions is maintained or improved.³⁹

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

³⁹ Average processing time is measured against the baseline from the previous year. For 2017/18, the baseline was a median of 6.5 days, with 99% of applications processed in 33.2 days.

Title registration accuracy is maintained or improved.⁴⁰

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Achieved

⁴⁰ Accuracy is measured against the baseline from the previous year. For 2017/18, the baseline was that less than 0.2% of title transactions would require correction.

Financial Performance - The Survey and Title system


Actual		Unaudited Supplementary Estimates	Actual
2017		2018	2018
\$000		\$000	\$000
400	Revenue Crown	800	800
71,673	Revenue other	69,819	68,566
72,073	Total revenue	70,619	69,366
68,828	Total expenses	90,003	82,250
3,245	Net surplus/(deficit)	(19,384)	(12,884)

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 Measures

Ministerial satisfaction with Land Information New Zealand's management of Treaty Settlement Landbank.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	 7/10	Not reported ⁴¹

⁴¹ This performance measure was established as part of the Supplementary Estimates 2017/18 process in May 2018, and a response had not been received from the Minister for Treaty of Waitangi Negotiations at the time of publishing.

Financial Performance – Purchase and Preparation of Assets for Possible Use in Future Treaty of Waitangi Settlements Multi-Category Appropriation

Actual 2017 \$000	Unaudited Supplementary Estimates 2018 \$000	Actual 2018 \$000
- Total expenses	18,308	12,142
- Net surplus/(deficit)	(18,308)	(12,142)

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 Measures

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

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
New measure	Achieved	Not reported ⁴²

⁴² This performance measure was established as part of the Supplementary Estimates 2017/18 process in May 2018, and was subsequently not measured for 2017/18.

Financial Performance - Preparation of Assets

Actual 2017 \$000	Unaudited Supplementary Estimates 2018 \$000	Actual 2018 \$000
- Revenue Crown	-	-
- Revenue other	-	-
- Total revenue	-	-
- Total expenses	6,000	3,766
- Net surplus/(deficit)	(6,000)	(3,766)

Financial statements



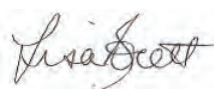
Statement of Responsibility

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 2018 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 2019 and its operations for the year ending on that date.



Lisa Barrett

Land Information New Zealand
28 September 2018

Our financial reporting

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

Actual 2017 \$000		Note	Actual 2018 \$000	Budget* 2018 \$000	Forecast** 2019 \$000
REVENUE					
70,564	Revenue Crown		64,452	64,452	59,882
88,042	Other revenue	2	82,043	90,614	103,889
158,606	Total revenue		146,495	155,066	163,771
EXPENSES					
55,101	Personnel costs	3	61,034	65,293	65,293
7,398	Depreciation and amortisation	7, 8	6,530	6,321	6,321
3,114	Capital charge		2,895	2,892	2,892
469	Restructuring costs	10	511	-	-
82,123	Other operating expenses	5	90,596	104,136	89,265
148,205	Total expenditure		161,566	178,642	163,771
10,401	Net surplus/(deficit) and total comprehensive revenue and expense		(15,071)	(23,576)	-

The Appropriation Statements are provided on page 69.

***Budget** – information contained in 2017/18 Supplementary Estimates.

****Forecast** – is unaudited and refers to the original budget for 2019 completed in May 2018.

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

Statement of Financial Position

As at 30 June 2018

Actual 2017 \$000		Note	Actual 2018 \$000	Budget* 2018 \$000	Forecast** 2019 \$000
ASSETS					
Current assets					
6,658	Cash and cash equivalents		14,184	7,003	7,003
86,712	Trade and other receivables	6	58,511	56,894	58,999
668	Prepayments		1,638	1,000	1,000
310	Inventory		285	275	275
94,348	Total current assets		74,618	65,172	67,277
Non-current assets					
22,715	Intangible assets	8	19,942	17,745	12,974
3,981	Property, plant and equipment	7	3,526	4,090	3,384
26,696	Total non-current assets		23,468	21,835	16,358
121,044	Total assets		98,086	87,007	83,635
LIABILITIES					
Current liabilities					
12,861	Trade and other payables	9	10,404	7,603	7,600
7,366	Return of operating surplus	11	699	-	-
-	Provisions	10	138	-	-
4,219	Employee entitlements	12	4,493	3,000	3,000
168	Deferred revenue		109	1,225	1,225
24,614	Total current liabilities		15,843	11,828	11,825
Non-current liabilities					
2,726	Employee entitlements	12	2,693	3,410	3,410
2,726	Total non-current liabilities		2,693	3,410	3,410
27,340	Total liabilities		18,536	15,238	15,235
93,704	Net assets		79,550	71,769	68,400
TAXPAYERS' FUNDS					
48,757	General funds	13	50,494	71,769	68,400
44,947	Memorandum accounts	18	29,056	-	-
93,704	Total taxpayers' funds		79,550	71,769	68,400

The Appropriation Statements are provided on page 69.

*Budget – information contained in 2017/18 Supplementary Estimates.

**Forecast – is unaudited and refers to the original budget for 2019 completed in May 2018.

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

Statement of Changes in Taxpayers' Funds

As at 30 June 2018

Actual 2017 \$000		Note	Actual 2018 \$000	Budget* 2018 \$000	Forecast** 2019 \$000
90,669	Balance as at 1 July		93,704	93,795	68,400
10,401	Total comprehensive revenue and expense		(15,071)	(23,576)	-
-	- Capital injections		1,550	1,550	-
-	- Other movements		66	-	-
(7,366)	Repayment of operating surplus to the Crown	11	(699)	-	-
93,704	Balance as at 30 June	13	79,550	71,769	68,400

The Appropriation Statements are provided on page 69.

***Budget** – information contained in 2017/18 Supplementary Estimates.

****Forecast** – is unaudited and refers to the original budget for 2019 completed in May 2018.

Statement of Cash Flows

As at 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget* 2018 \$000	Forecast** 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
70,472	Receipts from revenue Crown	88,524	70,118	51,930
77,492	Receipts from other revenue	82,434	114,032	89,742
(78,504)	Payments to suppliers	(90,408)	(109,081)	(72,506)
(56,150)	Payments to employees	(61,398)	(65,966)	(65,430)
(3,114)	Payments for capital charge	(2,895)	(2,892)	(2,892)
(8,373)	Goods and services tax (net)	317	409	1
1,823	Net cash flows from operating activities	16,574	6,620	845
CASH FLOWS FROM INVESTING ACTIVITIES				
(1,108)	Purchase of property, plant and equipment	(548)	-	-
(1,574)	Purchase of intangible assets	(2,754)	(459)	(845)
(2,682)	Net cash flows from investing activities	(3,302)	(459)	(845)
CASH FLOWS FROM FINANCING ACTIVITIES				
-	Capital contribution	1,550	1,550	-
-	Repayment of surplus to the Crown	(7,296)	(7,366)	-
-	Net cash flows from financing activities	(5,746)	(5,816)	-
(859)	Net increase/(decrease) in cash and cash equivalents	7,526	345	-
7,517	Cash at beginning of year	6,658	6,658	7,003
6,658	Cash at end of year	14,184	7,003	7,003

The Appropriation Statements are provided on page 69.

*Budget - information contained in 2017/18 Supplementary Estimates.

**Forecast - is unaudited and refers to the original budget for 2019 completed in May 2018.

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

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

Actual 2017 \$000		Actual 2018 \$000
10,401	NET SURPLUS/(DEFICIT)	(15,071)
	ADD BACK NON-CASH ITEMS	
705	Depreciation and assets written-off	1,003
6,693	Amortisation of intangible assets	5,527
(531)	Movement in non-current employee entitlements	(33)
-	Other non-cash items	(4)
6,867	Total non-cash items	6,493
	ADD BACK ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES	
(60)	Net loss/(gain) on sale of property, plant and equipment	-
	MOVEMENTS IN WORKING CAPITAL	
47	(Increase)/decrease in inventory	25
(26,334)	(Increase)/decrease in receivables	28,201
245	(Increase)/decrease in prepayments	(970)
6,517	Increase/(decrease) in payables	(2,516)
3,841	Increase/(decrease) in provisions	138
239	Increase/(decrease) in employee entitlements	274
(15,445)	Net movements in working capital	25,152
1,823	Net cash inflow/(outflow) from operating activities	16,574

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

Statement of Commitments

As at 30 June 2018

Actual 2017 \$000		Actual 2018 \$000
NON-CANCELLABLE OPERATING LEASE COMMITMENTS		
3,511	Not later than 1 year	3,443
8,135	Later than 1 year and not later than 5 years	11,896
4,042	Later than five years	2,039
15,688	Total non-cancellable operating lease commitments	17,378

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 six 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 Contingent Liabilities

As at 30 June 2018

Contingent liabilities

The Department had nil contingent liabilities (2017: nil). Contingent liabilities are disclosed at the point at which the contingency is evident.

Contingent assets

The Department has no contingent assets (2017: nil).

Unquantifiable contingent liabilities

The Department has identified issues in relation to the interpretation of the Holidays Act 2003 (2017: nil). The Department is currently developing a programme of work to address these issues, identify potentially affected employees and quantify the potential liability. At this stage the Department is not able to obtain a sufficient level of certainty about the number of individuals impacted or any potential liability.

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

Notes to the Departmental Financial Statements

1. Statement of accounting policies

REPORTING ENTITY

Land Information New Zealand (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 71 to 76.

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 2018. The financial statements were authorised for issue by the Chief Executive on 28 September 2018.

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.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

The External Reporting Board has issued four 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 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.
- The Department plans to adopt the new standard from 2018/19, however it is anticipated that this amendment will have little impact on current reporting.

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 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.

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Crown has decided to early adopt PBE IFRS 9 Financial Instruments for financial statements prepared for periods beginning on or after 1 January 2018. It is anticipated that this amendment will have little impact on current reporting.

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.

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:

Retiring and refresher leave

The Department calculates its retiring and refresher leave using Treasury discounts and salary inflation rates to estimate the present value of refresher 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 12 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement, sick and refresher 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 Expenses and carrying amount of the asset in the Statement of Financial Position. The Department minimises the risk of this estimation uncertainty by:

- physical inspection of property, plant and equipment
- asset replacement programs
- review of future business plans
- technological changes
- 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

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.

A receivable is considered impaired where there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amount to be collected. Impairment losses are recognised in the Statement of Comprehensive Revenue and Expenses.

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 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 Statement of Comprehensive Revenue and 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 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 Expenses 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 using an approach 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 have an indefinite useful life or are not yet available for use, are tested annually for impairment.

Intangible assets

Software acquisition and development

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

Intangible assets with an indefinite life are not amortised.

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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

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

	2017	2018
Long-term discount rate	3.92%	3.55%
Salary inflation rate	3.00%	3.10%

Presentation of employee entitlements

Sick leave, annual leave, vested and non-vested refresher 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

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

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.

The Department revised its cost allocation calculations in 2017/18.

Budget and forecast figures

The budget figures are for the year ended 30 June 2018 and were published in the 2016/17 annual report. They are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the 2017/18 Supplementary Estimates.

The forecast figures are for the year ending 30 June 2019, and are consistent with the best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) 2018 for the 2018/19 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.

There were no major variances against Budget.

The forecast financial statements were authorised for issue by the Chief Executive of Land Information New Zealand in April 2018. 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 2018/19 year.

The forecast figures have been compiled on the basis of 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 2017/18 was used as the opening position for the 2018/19 forecasts.

The actual financial results achieved for 30 June 2019 are likely to vary from the forecast information presented, and the variations may be material.

2. Other revenue

	Actual 2017 \$000	Actual 2018 \$000
Crown property clearances fees	1,095	767
Licence and sign-up fees	887	867
Overseas Investment Office applications	5,204	4,946
Rating valuation audit charge	7,032	4,641
Search fees	15,109	14,373
Survey fees	7,885	8,280
Titles fees	47,777	44,531
Project revenue	2,496	2,971
Miscellaneous	557	667
Total other revenue	88,042	82,043

Other revenue is derived from exchange transactions.

3. Personnel costs

	Actual 2017 \$000	Actual 2018 \$000
Salaries and wages	52,229	57,311
Contract employees	668	1,673
ACC levies	(48)	140
Contributions to defined contribution and benefits schemes	1,746	1,881
Increase/(decrease) in employee entitlements	506	29
Total personnel costs	55,101	61,034

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 2018 was 6.0% (2017: 6.0%).

5. Other operating expenses

	Actual 2017 \$000	Actual 2018 \$000
Fees to auditors:		
- audit fees for the financial statement audit	268	331
Leasing and renting costs	3,337	3,663
Other operating costs	7,676	10,750
Professional services	25,973	27,602
Contracts for topography/hydrography	8,133	10,075
Computer operating costs	19,582	18,696
Crown property services	17,154	19,479
Total other operating expenses	82,123	90,596

6. Trade and other receivables

	Actual 2017 \$000	Actual 2018 \$000
Receivables from non-related parties	13,127	12,614
Less: provision for doubtful debts	-	(5)
Net receivables	13,127	12,609
Monies receivable from the Crown	73,585	45,902
Total trade and other receivables	86,712	58,511

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

Those specific debtors that are insolvent are fully provided for. As at 30 June 2018, the Department has identified no debtors (2017: 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 2017 \$000	Actual 2018 \$000
Balance as at 1 July	16	-
Additional provisions made/(reversed) during the year	(16)	10
Receivables written off during the period	-	(15)
Balance as at 30 June	-	(5)

As at 30 June 2018, all overdue receivables have been assessed for impairment and appropriate provisions applied, as follows:

	Gross 2017 \$000	Impairment 2017 \$000	Net 2017 \$000	Gross 2018 \$000	Impairment 2018 \$000	Net 2018 \$000
Current	11,006	-	11,006	10,482	-	10,482
>30 Days	1,151	-	1,151	744	-	744
>60 Days	265	-	265	333	-	333
>90 Days	705	-	705	1,055	(5)	1,050
Total	13,127	-	13,127	12,614	(5)	12,609

7. Property, plant and equipment

	Leasehold Improvements \$000	Computer Hardware \$000	Plant and Equipment \$000	Furniture and Fittings \$000	Total \$000
COST					
Balance as at 1 July 2016	4,884	307	388	878	6,457
Additions	952	-	150	193	1,295
Balance as at 30 June 2017	5,836	307	538	1,071	7,752
Balance as at 1 July 2017	5,836	307	538	1,071	7,752
Additions	23	-	523	-	546
Disposals	(8)	-	-	-	(8)
Balance as at 30 June 2018	5,851	307	1,061	1,071	8,290
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance as at 1 July 2016	2,255	275	210	326	3,066
Depreciation charge for the year	517	9	42	137	705
Balance as at 30 June 2017	2,772	284	252	463	3,771
Balance as at 1 July 2017	2,772	284	252	463	3,771
Depreciation charge for the year	738	8	96	161	1,003
Eliminate on disposal	(8)	-	-	-	(8)
Other movement	(1)	(2)	1	-	(2)
Balance as at 30 June 2018	3,501	290	349	624	4,764
CARRYING AMOUNTS					
As at 30 June 2016	2,629	32	178	552	3,391
As at 30 June 2017	3,064	23	286	608	3,981
As at 30 June 2018	2,350	17	712	447	3,526

Impairment

There has been no impairment to property, plant and equipment during the financial year (2017: nil).

8. Intangible assets

	Actual 2017 \$000	Actual 2018 \$000
COST		
Balance as at 1 July	84,350	86,606
Additions	2,266	2,771
Disposals	(10)	-
Transfers	-	(17)
Balance as at 30 June	86,606	89,360
AMORTISATION AND IMPAIRMENT LOSSES		
Balance as at 1 July	57,272	63,891
Amortisation expense	5,941	5,527
Eliminate on disposal	(74)	-
Impairment losses	752	-
Balance as at 30 June	63,891	69,418
Total intangible assets	22,715	19,942
CARRYING AMOUNTS		
As at 1 July 2016		27,078
As at 30 June 2017		22,715
As at 30 June 2018		19,942

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 2017 \$000	Actual 2018 \$000
PAYABLES UNDER EXCHANGE TRANSACTIONS		
Trade and accrued expenses	11,728	9,528
PAYABLES UNDER NON-EXCHANGE TRANSACTIONS		
ACC levy payable	40	99
GST, FBT and PAYE payable	1,093	777
Total trade and other payables	12,861	10,404

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. Provisions

	Restructuring \$000	Onerous Lease \$000	Actual 2018 \$000
Balance at 1 July	-	-	-
Additional provisions made	511	24	535
Amounts used	(397)	-	(397)
Balance at 30 June	114	24	138

Restructuring

The 2018 provisions relate to the restructuring of the Property Rights and Crown Property business groups, which were announced in December 2017 and March 2018, respectively.

Onerous Lease

The Department had one onerous contract relating to vacated premises at Ferry Road.

There were no provisions in 2017.

11. Return of operating surplus

	Actual 2017 \$000	Actual 2018 \$000
Net surplus/(deficit)	10,401	(15,071)
Add unrealised (increase)/decrease in remeasurements	-	(121)
Add (surpluses)/deficits of memorandum accounts	(2,410)	15,891
Less retention of underspends	(695)	-
Add other movement	70	-
Total return of operating surplus	7,366	699

Remeasurements, that are reported in the Statement of Comprehensive Revenue and Expense, relate to unrealised changes in discount rates for retiring and refresher 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.

12. Employee entitlements

	Actual 2017 \$000	Actual 2018 \$000
CURRENT PORTION		
Annual leave	3,057	3,371
Salaries and wages	601	431
Refresher and retirement leave	438	568
Sick leave	123	123
Total current employee entitlements	4,219	4,493
NON-CURRENT PORTION		
Refresher and retirement leave	2,726	2,693
Total non-current employee entitlements	2,726	2,693
Total employee entitlements	6,945	7,186

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 3.55% has been applied (2017: 3.92%) and a salary inflation factor of 3.10% (2017: 3.00%) were used. The discount rates and salary inflation factor used are those advised by The Treasury.

13. Equity

	Actual 2017 \$000	Actual 2018 \$000
TAXPAYERS' FUNDS		
Balance as at 1 July	90,669	93,704
Net surplus/(deficit)	10,401	(15,071)
Capital injections	-	1,550
Memorandum account balance	(44,947)	(29,056)
Return of operating surplus to the Crown	(7,366)	(699)
Other movements	-	66
Balance as at 30 June (General funds)	48,757	50,494
MEMORANDUM ACCOUNTS		
Opening balance 1 July	42,537	44,947
Net memorandum account surpluses /(deficits) for the year	2,410	(15,891)
Balance as at 30 June	44,947	29,056
Total equity	93,704	79,550

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.

14. 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 7 Deputy Chief Executives (2017: the Chief Executive and 5 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 2017 \$000	Actual 2018 \$000
Salaries and other short-term employee benefits	2,052	2,370
Total key management personnel compensation	2,052	2,370

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.

15. 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 our 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 2018, 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 draw downs from the New Zealand Debt Management Office.

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

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
2017				
Payables (see note 9)	11,728	-	-	-
2018				
Payables (see note 9)	9,528	-	-	-

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

	Note	Actual 2017 \$000	Actual 2018 \$000
LOANS AND OTHER RECEIVABLES			
Cash and cash equivalents		6,658	14,184
Trade and other receivables	6	86,712	58,511
Total loans and other receivables		93,370	72,695
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Trade and other payables	9	11,728	9,528
Total financial liabilities measured at amortised cost		11,728	9,528

Estimation of fair values analysis

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

Trade and other receivables/payables

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

16. Events after balance date

There were no significant events after balance date.

17. Capital management

The Department's capital is its equity, which comprise 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.

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 2018

	Actual 2017 \$000	Actual 2018 \$000
Balance as at 1 July	44,049	47,304
INCOME		
Operating revenue	71,673	68,566
EXPENSES		
Operating expenses	68,418	81,988
Net surplus/(deficit) for the period	3,255	(13,422)
Balance as at 30 June	47,304	33,882

Overseas Investment Regime

For the year ended 30 June 2018

	Actual 2017 \$000	Actual 2018 \$000
Balance as at 1 July	(1,511)	(2,355)
INCOME		
Income from OIO applications	5,204	4,946
EXPENSES		
Expenses from OIO operations	6,048	6,888
Surplus/(deficit) for the period	(844)	(1,942)
Balance as at 30 June	(2,355)	(4,297)

Crown Property Clearances

For the year ended 30 June 2018

	Actual 2017 \$000	Actual 2018 \$000
Balance as at 1 July	(1)	(2)
INCOME		
Operating revenue	1,095	767
EXPENSES		
Operating expenses	1,096	1,294
Surplus/(deficit) for the period	(1)	(527)
Balance as at 30 June	(2)	(529)

Total memorandum accounts

For the year ended 30 June 2018

	Actual 2017 \$000	Actual 2018 \$000
Balance as at 1 July	42,537	44,947
INCOME		
Operating revenue	77,972	74,279
EXPENSES		
Operating expenditure	75,562	90,170
Surplus/(deficit) for the period	2,410	(15,891)
Balance as at 30 June	44,947	29,056

Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Department for the year ended 30 June 2018. They are prepared on a GST exclusive basis.

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000	Forecast* 2019 \$000
DEPARTMENTAL OUTPUT EXPENSES				
6,048	Administering the Overseas Investment Regime	5,813	7,282	-
-	Administering the Residential Property Regime	1,075	1,550	-
6,048	Total Departmental output expenses	6,888	8,832	-
MULTI-CATEGORY APPROPRIATIONS				
6,705	Canterbury Earthquake Recovery Land Ownership and Management MCA	6,528	7,421	5,734
4,753	Acquisition and Disposal Expenses	1,014	1,460	510
1,952	Managing the Recovery	5,514	5,961	5,224
29,319	Crown Land MCA	29,557	33,633	30,706
1,096	Centralised clearance service acquisitions and disposals	1,296	1,198	1,198
2,296	Land disposal services for other agencies	1,701	8,240	9,083
4,484	Land Information New Zealand Biosecurity Programme	3,963	3,749	3,426
21,443	Management of Crown Land	22,597	20,476	16,999
31,035	Location Based Information MCA	30,644	32,143	26,348
805	Administration of the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa	806	783	783
23,034	Land Information New Zealand Location Based Information Infrastructure	24,601	27,612	22,617
7,196	Leading the New Zealand Geospatial Strategy	5,237	3,748	2,948
-	Managing the Overseas Investment Regime MCA	-	-	24,621
-	Administering the Overseas Investment Regime (other than residential property)	-	-	7,282
-	Administering the Residential Property Regime	-	-	12,661
-	Monitoring and Enforcement of the Overseas Investment Regime	-	-	4,678
3,725	Policy Advice and Related Services MCA	3,971	4,064	3,843
741	Ministerial Services, Appointments, Implementation and Operational Policy	836	750	750
2,984	Policy Advice	3,135	3,314	3,093
70,284	Property Rights MCAs	83,978	92,519	72,519
1,456	Regulating Valuation	1,728	2,516	2,516
68,828	The Survey and Title system	82,250	90,003	70,003
147,116	Total Multi-category appropriations	154,678	169,810	163,771
APPROPRIATIONS FOR CAPITAL EXPENDITURE				
2,665	Capital expenditure	3,294	5,000	5,000
149,781	Total annual and permanent appropriations	164,860	183,642	168,771

Statement of Departmental Un-appropriated Expenditure and Capital Expenditure

For the year ended 30 June 2018

There was no un-appropriated expenditure incurred during the year.

Non-Departmental Statements and Schedules

For the year ended 30 June 2018

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 2018.

Schedule of Non-Departmental Revenue

For the year ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
OPERATING REVENUE			
62,368	Sale of goods and services	50,414	116,671
18,095	Other operational revenue	8,068	679
(143,141)	Reduction in estimated recoveries: insurance from Red Zone properties	(72,392)	-
4,292	Gain on sale of assets	2,010	-
(58,386)	Total non-departmental operating revenue	(11,900)	117,350
OTHER REVENUE			
3,096	Gain on revaluation of biological assets and shares	2,753	-
2,523	Movement in Huntly East provision	11,290	-
5,619	Total non-departmental other revenue	14,043	-
(52,767)	Total non-departmental revenue	2,143	117,350

Explanations of significant variances against budget are provided in note 2.

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

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
CAPITAL RECEIPTS			
26,914	Property sales	6,394	6,350
32,598	Land tenure reform sales	52	85,447
13,101	Sale of Landbank properties	17,860	-
72,613	Total non-departmental capital receipts	24,306	91,797

Explanations of significant variances against budget are provided in note 2.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2018

Actual 2017 \$000		Actual 2018 \$000	Budget 2018 \$000
OPERATING EXPENSES			
2,099	Non-departmental output classes	918	4,415
OTHER EXPENSES TO BE INCURRED BY THE CROWN			
1,731	Depreciation and amortisation	1,872	3,993
2,318	Impairment of properties	-	17,336
685	Rental and leasing costs	685	700
-	Debts written-off/(recovered)	(158)	145
4,295	GST input expense	3,117	29,951
80,788	Other operating expenses	67,671	173,082
91,916	Total non-departmental operating expenses	74,105	229,622
CAPITAL EXPENSES			
15,695	Property purchases	18,577	37,929
38,248	Land tenure reform purchases	876	131,246
-	Land exchanges	-	350
53,943	Total non-departmental capital expenses	19,453	169,525

Explanations of significant variances against budget are provided in note 2.

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

Schedule of Non-Departmental Assets

For the year ended 30 June 2018

Actual 2017 \$000		Note	Actual 2018 \$000	Budget 2018 \$000
ASSETS				
Current assets				
29,581	Cash and cash equivalents		32,167	29,581
20,432	Prepayments		23,450	20,432
181,820	Trade and other receivables	3	61,165	126,201
184,326	Assets held for sale	5	172,865	182,000
667	Work in progress		994	667
-	Biological assets	6	901	-
416,826	Total current assets		291,542	358,881
Non-current assets				
667,903	Land and improvements	7	766,223	677,808
23,547	Biological assets	6	25,433	23,547
3,746	Intangible assets	8	10,711	3,746
368	Share investment		334	368
695,564	Total non-current assets		802,701	705,469
1,112,390	Total non-departmental assets		1,094,243	1,064,350

Explanations of significant variances against budget are provided in note 2

Schedule of Non-Departmental Liabilities

For the year ended 30 June 2018

Actual 2017 \$000		Note	Actual 2018 \$000	Budget 2018 \$000
CURRENT LIABILITIES				
60,893	Trade and other payables	4	17,998	65,200
1,739	Provisions	9	1,281	2,357
62,632	Total current liabilities		19,279	67,557
NON-CURRENT LIABILITIES				
7,909	Deferred revenue		7,722	7,722
26,879	Provisions	9	15,975	25,000
34,788	Total non-current liabilities		23,697	32,722
97,420	Total non-departmental liabilities		42,976	100,279

Explanations of significant variances against budget are provided in note 2

Schedule of Non-Departmental Commitments

For the year ended 30 June 2018

The Department, on behalf of the Crown, has no non-cancellable capital or lease commitments (2017: nil).

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

For the year ended 30 June 2018

Unquantifiable contingent liabilities

The Department, on behalf of the Crown, had no unquantifiable contingent liabilities (2017: nil).

Quantifiable contingent liabilities

Actual 2017 \$000		Actual 2018 \$000
QUANTIFIABLE CONTINGENT LIABILITIES		
5,210	Legal proceedings and disputes	45,049
18,751	Other contingent liabilities	18,751
23,961	Total quantifiable contingent liabilities	63,800

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

Contingent assets

The Department, on behalf of the Crown, had no contingent assets (2017: nil).

Statement of Trust Monies

For the year ended 30 June 2018

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

	As at 1 July 2017 \$000	Contribution \$000	Distribution \$000	As at 30 June 2018 \$000
TRUST ACCOUNT				
Endowment Rentals Trust	5	257	(261)	1
Hunter Soldiers Assistance Trust	57	1	-	58
Crown Forestry Licences Trust	93	6,332	(5,859)	566
Total	155	6,590	(6,120)	625

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.

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

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 2018.

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

Trade and other receivables are measured at fair value on initial recognition, and subsequently at amortised cost less any provision for impairment.

Impairment of a receivable is established where there is objective evidence that the Crown will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into insolvency, bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted using the Treasury discount rates. The carrying amount is reduced through the use of a provision for doubtful debts account, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debt is uncollectable, it is written off against the provision for doubtful debts. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

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 Expenses.

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 12 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 12 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 improvements 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 50 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.

Intangible assets with an indefinite life are not amortised, and tested annually for impairment.

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

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

Basis of the budget figures

The budget figures are for the year ended 30 June 2018 and were published in the 2016/17 annual report. They are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the 2017/18 Supplementary Estimates.

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

The forecast financial statements were authorised for issue by the Chief Executive of Land Information New Zealand in April 2018. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

2. Explanation of major variance against budget

Explanations for major variance from the Non-departmental budget figures are as follows:

Other operating expenses

Other operating expenses were underspent by \$120.417 million, mainly due to significantly less purchases of NZTA properties in 2017/18 (approx. \$60.000 million) and an underspend of \$52.000 million relating to the realignment of the Canterbury Earthquake Recovery programme as a result of delays in central

city acquisitions resulting from on-going negotiations with property owners, delays in receiving information from claimants required for decisions on compensation, and delays in decisions on future use of the residential red zone which are being led by other agencies.

Capital purchases

Canterbury Earthquake Recovery Land Ownership and Management MCA purchases of land and improvements was underspent by \$15.018 million due to delays in the Canterbury Earthquake Recovery programme.

Gain/loss on sale of properties

Loss on sale of Landbank properties was underspent by \$12.025 million as the sale is yet to occur.

Impairment of Land Treaty Settlement

Impairment of Land Treaty Settlement appropriation was underspent by \$11.481 million due to the deferred signing of the deed and transfer of property included as part of the Ngāti Tūwharetoa Treaty settlement.

3. Trade and other receivables

	Actual 2017 \$000	Actual 2018 \$000
Debtors from non-related parties	51,606	24,184
EQC insurance recoveries land	94,353	25
Rock-fall/roll – Christchurch City Council	38,500	40,393
Other accounts receivable – Crown entities	435	-
Accounts receivable – Departments	1,413	726
Less: provision for doubtful debts	(4,487)	(4,163)
Total trade and other receivables	181,820	61,165

Debtors are shown net of provision for doubtful debts, which was \$4.163 million in the current year (2017: \$4.487 million). The carrying value of debtors and other receivables approximates their fair value.

The provision for doubtful debts does not relate to the insurance recoveries.

Christchurch Earthquake Insurance Recoveries

At balance date the insurance recoveries relating to the residential red zone were \$0.03 million (2017: \$94.4 million). The Government's offer for insured residential red zone properties included the acquisition of the affected property and a beneficial interest of the property's insurance policy. The receivable represents the remaining value of the EQC recoveries due to the Crown for residential red zone land acquired.

In 2018, the Department received without prejudice payments totalling \$23.1m (2017: \$114.5m) from EQC and were advised that these payments represented the final settlement of the land claim, with the exception of a small payment outstanding. The Department has reduced the receivable to nil this amount.

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 2018, in respect of these properties, is \$40 million (2017: \$38.5 million).

Movements in the provision for doubtful debts are as follows:

	Actual 2017 \$000	Actual 2018 \$000
Balance as at 1 July	(4,207)	(4,487)
Net additional (provisions made)/reversed during the year	(280)	324
Balance as at 30 June	(4,487)	(4,163)

The provision for doubtful debts has been calculated based on expected losses for the Crown's pool of debtors. Expected losses have been determined based on an analysis of the Crown's losses in previous periods and review of specific debtors. Those debtors that are insolvent are fully provided for.

4. Trade and other payables

	Actual 2017 \$000	Actual 2018 \$000
Trade payables and accrued expenses	45,693	17,306
GST payable	15,200	692
Total payables	60,893	17,998

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.

5. Assets held for sale

	Actual 2017 \$000	Actual 2018 \$000
Crown forest land	50,583	56,045
Crown pastoral land	90	1,597
Canterbury regeneration land	-	3,796
\$1m+ land	79,199	53,262
Rated land	28,100	37,192
Non-rated land	10,191	5,083
Improvements	16,163	15,890
Total assets held for sale	184,326	172,865

6. Biological assets

	Actual 2017 \$000	Actual 2018 \$000
COST		
Carrying amount as at 1 July	13,128	23,547
Additions	7,946	-
Revaluation increase	2,473	2,787
Carrying amount as at 30 June	23,547	26,334
Represented by:		
Current	-	901
Non-current	23,547	25,433
Total	23,547	26,334

Forests

There are a number of forests on Crown properties that are not on Crown Forest Land i.e. 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 i.e. on Crown Forest Land. However no Crown Forest Licence 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.

7. 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	Total \$000
COST OR VALUATION								
Balance as at 1 July 2016	72,417	75,555	110,278	17,446	43,570	19,265	9,105	347,636
Revaluation increase/(decrease)	(143)	(20,218)	(6,876)	7,829	20,255	(3,743)	19,065	16,169
Additions	-	37,472	13,542	177,667	138,319	11,323	79,934	458,257
Disposals	(3,934)	(33,242)	(37,447)	(16,090)	(8,242)	(2,996)	(5,292)	(107,243)
Transfers (to)/from assets held for sale	3,555	-	-	(24,192)	(13,434)	(1,964)	(9,416)	(45,451)
Balance as at 30 June 2017	71,895	59,567	79,497	162,660	180,468	21,885	93,396	669,368
Balance as at 1 July 2017	71,895	59,567	79,497	162,660	180,468	21,885	93,396	669,368
Revaluation increase/(decrease)	9,146	3,111	51,666	59,403	13,872	(267)	2,465	139,396
Additions	-	-	7,639	2,720	1,860	534	4,926	17,679
Disposals	-	(8,128)	(33,620)	-	-	-	-	(41,748)
Transfers (to)/from assets held for sale	(8,388)	(1,596)	(4,500)	15,481	(10,934)	(1,850)	(6,108)	(17,895)
Balance as at 30 June 2018	72,653	52,954	100,682	240,264	185,266	20,302	94,679	766,800
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Balance as at 1 July 2016	-	-	-	-	-	-	354	354
Depreciation charge for the year	-	-	-	-	-	-	1,558	1,558
Reversal on revaluation	-	-	-	-	-	-	(414)	(414)
Disposals	-	-	-	-	-	-	(33)	(33)
Balance as at 30 June 2017	-	-	-	-	-	-	1,465	1,465
Balance as at 1 July 2017	-	-	-	-	-	-	1,465	1,465
Depreciation charge for the year	-	-	-	-	-	-	1,712	1,712
Reversal on revaluation	-	-	-	-	-	-	(2,585)	(2,585)
Disposals	-	-	-	-	-	-	(15)	(15)
Balance as at 30 June 2018	-	-	-	-	-	-	577	577
CARRYING AMOUNTS								
As at 1 July 2016	72,417	75,555	110,278	17,446	43,570	19,265	8,751	347,282
As at 30 June 2017	71,895	59,567	79,497	162,660	180,468	21,885	91,931	667,903
As at 30 June 2018	72,653	52,954	100,682	240,264	185,266	20,302	94,102	766,223

8. Intangible assets

	Actual 2017 \$000	Actual 2018 \$000
COST		
Carrying amount as at 1 July	5,026	5,026
Additions	-	7,125
Carrying amount at 30 June	5,026	12,151
AMORTISATION AND IMPAIRMENT LOSSES		
Balance as at 1 July	1,120	1,280
Amortisation expense	160	160
Balance as at 30 June	1,280	1,440
Total intangible assets	3,746	10,711
CARRYING AMOUNTS		
As at 1 July 2016		3,906
As at 30 June 2017		3,746
As at 30 June 2018		10,711

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 Ngāti 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.

9. Provisions

	Actual 2017 \$000	Actual 2018 \$000
CURRENT PROVISIONS		
Onerous lease provision	454	500
Huntly East provision	433	335
Other	852	446
Total current provisions	1,739	1,281
NON-CURRENT PROVISIONS		
Onerous lease provision	8,423	8,524
Huntly East provision	18,643	7,451
Total non-current provisions	27,066	15,975
Total provisions	28,805	17,256

	Onerous lease provision \$000	Huntly East provision \$000	Other provisions \$000	Total \$000
2017				
Balance as at 1 July	10,635	21,600	855	33,090
Additional provisions made during the year	681	(535)	1	147
Charge against provision for the year	(681)	-	(4)	(685)
Discounting changes	(782)	(1,989)	-	(2,771)
Unused amounts reversed during the year	(976)	-	-	(976)
Balance as at 30 June	8,877	19,076	852	28,805
2018				
Balance as at 1 July	8,877	19,076	852	28,805
Additional provisions made during the year	2,055	-	-	2,055
Charge against provision for the year	(685)	-	-	(685)
Discounting changes	(1,223)	(1,358)	-	(2,581)
Unused amounts reversed during the year	-	(9,932)	(406)	(10,338)
Balance as at 30 June	9,024	7,786	446	17,256

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.

10. Financial Instruments

The carrying amounts of financial assets and financial liabilities are:

	Actual 2017 \$'000	Actual 2018 \$'000
LOANS AND RECEIVABLES		
Cash and cash equivalents	29,581	32,167
Receivables	181,820	61,165
Total loans and receivables	211,401	93,332
PAYABLES		
Financial liabilities measured at amortised cost	45,693	17,306
Total payables	45,693	17,306

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.

11. Events after Balance Date

On 21 August 2018 the Minister for Greater Christchurch Regeneration announced that the Crown would pay former residential red zone owners 100% of the 2007/08 rateable value for uninsured homes. This payment is for those property owners who have not already received a payment for their uninsured improvements. The total cost of these ex gratia payments is estimated at \$12 million. In addition the Crown will purchase privately-owned red zone properties if owners are interested in selling their property. The Crown offer would be on the basis of 100% of the 2007/08 rateable value for land and improvements, regardless of insurance status. The contingent liabilities recognised at balance date include these amounts.

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

Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Department for the year ended 30 June 2018. 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 2018

	Actual 2017 \$'000	Expenditure before remeasurements 2018 \$'000	Approved appropriation 2018 \$'000	Actual 2018 \$'000
DEPARTMENTAL OUTPUT EXPENSES				
Administration of the Overseas Investment Office Regime	6,048	5,813	7,282	5,813
Administering Residential Property	-	1,075	1,550	1,075
Total Departmental output expenses	6,048	6,888	8,832	6,888
DEPARTMENTAL CAPITAL EXPENDITURE				
Capital expenditure	2,665	3,294	5,000	3,294
Total Departmental capital expenditure	2,665	3,294	5,000	3,294
NON-DEPARTMENTAL OUTPUT EXPENSES				
Output classes to be supplied by other parties				
Contaminated Sites	288	300	400	300
Forest Plantation Activity	1,811	619	4,015	619
Other expenses to be incurred by the Crown				
Bad and doubtful debts	7	-	145	-
Crown Forest Management	56	202	400	202
Rates on Crown Land	1,708	4,616	5,457	4,616
Depreciation	1,731	1,872	3,993	1,872
Land liabilities	397	118	343	118
Residual Crown Leasehold Rents	685	685	700	685
Proceeds from sale of NZTA properties	56,809	40,831	100,000	40,831
Soil Conservation Reserve Management	197	197	380	197
Impairment of the value of Crown Property	-	-	-	-
Tangoio Catchment Management Fund	100	104	120	104
Loss on sale of Landbank properties	2,318	-	12,025	-
Impairment of Land for Treaty Settlements	-	-	11,481	-
Total Non-departmental output expenses	66,107	49,544	139,459	49,544

	Actual 2017 \$000	Expenditure before remeasurements 2018 \$000	Approved appropriation 2018 \$000	Actual 2018 \$000
MULTI-CATEGORY APPROPRIATIONS				
Canterbury Earthquake Recovery Land Ownership and Management MCA	42,375	31,550	83,996	31,550
Departmental output expenses				
Managing the Recovery	4,753	5,514	5,961	5,514
Acquisition and Disposal Expenses	1,952	1,014	1,460	1,014
Non-Departmental output expenses				
Clearance of built structures and associated works	10,410	729	2,522	729
Management and Clearance of Land	4,611	4,468	11,380	4,468
Mass Movement of Land	635	128	2,928	128
Purchase of Land and Improvements operational	2,603	8,286	28,897	8,286
Initial write-down in the value of land and improvements	4,145	3,969	5,855	3,969
Loss on disposal of Land and Improvements	-	97	2,630	97
Non-Department capital expenditure				
Purchase of Land and Improvements Capital	13,266	7,345	22,363	7,345
Crown Land MCA	29,319	29,557	33,663	29,557
Departmental output expenses				
Centralised clearance service acquisitions and disposals	1,096	1,296	1,198	1,296
Land disposal services for other agencies	2,296	1,701	8,240	1,701
Management of Crown Land	21,443	22,597	20,476	22,597
LINZ Biosecurity Programme	4,484	3,963	3,749	3,963
Location Based Information MCA	31,035	30,644	32,143	30,644
Departmental output expenses				
LINZ Location Based Information Infrastructure	23,034	24,601	27,612	24,601
Administration of the NZ Geographic Board Ngā Pou Tanaha o Aotearoa	805	806	783	806
Leading the NZ Geospatial Strategy	7,196	5,237	3,748	5,237
Property Rights MCA	70,284	83,978	92,519	83,978
Departmental output expenses				
The Survey and Title system	68,828	82,250	90,003	82,250
Regulating Valuation	1,456	1,728	2,516	1,728
Policy Advice and Related Services MCA	3,725	3,971	4,064	3,971
Policy Advice	2,984	3,135	3,314	3,135
Ministerial Services, Appointments, Implementation and Operational Policy	741	836	750	836
Purchase and Preparation of Assets for Possible Use in future Treaty of Waitangi Settlements MCA	-	12,142	18,308	12,142
Preparation of Assets for Treaty settlement	-	3,766	6,000	3,766
Purchase of Assets for Treaty settlement	-	8,376	12,308	8,376
Total multi-category appropriations	176,738	191,842	264,693	191,842

	Actual 2017 \$000	Expenditure before remeasurements 2018 \$000	Approved appropriation 2018 \$000	Actual 2018 \$000
PURCHASE OF CAPITAL ASSETS OF THE CROWN				
Crown Acquisitions - Huntly East	-	-	-	-
Crown Purchases: Land Exchanges	-	-	350	-
Purchase of Assets for Possible Use in future Treaty of Waitangi Settlements	2,429	2,856	2,856	2,856
Capital Improvements	-	-	402	-
Total capital assets of the Crown	2,429	2,856	3,608	2,856
Total appropriations for the year	253,987	254,424	421,592	254,424

Statement of Departmental Un-appropriated Expenditure

For the year ended 30 June 2018

There was no un-appropriated 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 2018

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 45 to 68, that comprise of the statement of financial position, statement of commitments, statement of contingent liabilities as at 30 June 2018, 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 2018 on pages 12 to 23 and 25 to 42;
- the appropriation statements of the Department for the year ended 30 June 2018 on pages 69 to 70 and 87 to 90; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 71 to 86 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2018;
 - the schedules of expenses; capital receipts; and revenue for the year ended 30 June 2018;
 - the statement of trust monies for the year ended 30 June 2018; 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 45 to 68:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; 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 12 to 23 and 25 to 42:
 - presents fairly, in all material respects, for the year ended 30 June 2018:
 - 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 69 to 70 and 87 to 90 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 71 to 86 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 2018;
 - expenses; capital receipts and revenue for the year ended 30 June 2018; and
 - the statement of trust monies for the year ended 30 June 2018.

Our audit was completed on 28 September 2018. 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 11 and 95 to 97, 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
Chartered Accountants
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 2017/18

What it does

The New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa (the Board) is the nation's naming authority responsible for official place names in New Zealand, its offshore islands, its continental shelf, and the Ross Dependency of Antarctica.

Naming New Zealand's places and features preserves our culture and heritage and builds a common understanding of "where".

The Board's responsibilities include:

- considering proposals for new or altered place names
- approving and adopting recorded place names as official
- fulfilling Treaty of Waitangi partnership obligations by supporting place names used in settlements
- validating Crown protected area names
- maintaining a publicly available Gazetteer of place names.

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

Notable achievements

In 2017/18 the Minister for Land Information made eight decisions of the 562 that were gazetted. These were: Kapitia Dam, Kapitia Hill, Kapitia Reservoir, Kapitia Creek, Motutere / Castle Rock, Ōmiha, Waiau Toa / Clarence River, and Waiau Uwha River.

Other notable achievements in 2017/18 included:

- making 808 place name decisions
- reviewing 90 Treaty name proposals
- launching a new version of the New Zealand Gazetteer
- signing an agreement with the Office of Treaty Settlements and the Department of Conservation to work on providing a clear process for naming Crown protected areas that form part of Treaty settlement redress
- implementing a fast-track approach for approving as official, non-controversial recorded names.

Official place names published in the *New Zealand Gazette*

NZGB decisions – proposed	12
NZGB decisions – assigned, altered, discontinued (no objections)	13
NZGB decisions – approved recorded official, discontinued	2
NZGB decisions – corrigendum	2
NZGB decisions – Antarctica	399
NZGB decisions – Undersea	96
Minister's decisions	8
Treaty settlement legislation including Crown protected areas	24
Department of Conservation's final decisions on Crown protected areas (gazetted by DOC)	6
Total	562

Place name decisions from Board meetings

Deferred	10
Referred	1
Declined	6
No action	12
Minimum requirements not met	15
Note Delegated decisions by Chairperson	13
Proposed	12
Discontinue	2
Report to Minister for Land Information	2
Antarctic – Chairperson's delegations	409
Undersea	102
Crown protected area	7
LINZ agreement	19
Collected deferred	102
Corrigenda	1
Treaty	95
Total	808



The 2017/18 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

Valuers Registration Board – overview of achievements in calendar year 2017

The Board is appointed by the Minister for Land Information. The Valuer-General is the Chair of the Valuers Registration Board.

The Board met for 17 days during 2017 and conducted additional teleconference calls and university accreditation meetings.

The Board's primary function is to protect the public through the registration of valuers of land. The Board sets standards of education and practical experience for registration, maintains the register of those valuers who meet the standard, and issues annual practising certificates.

2016	2017
1,141 registered valuers	1093 registered valuers
855 practising certificates (the remaining registered valuers are retired, overseas, or do not make valuations for the public)	859 practising certificates (the remaining registered valuers are retired, overseas, or do not make valuations for the public)
41 applications received	54 applications received
68 valuers removed from the register (25 resignations, 10 retirements, 33 for non-payment of fees)	67 valuers removed from the register (9 resignations, 19 retirements, 2 deceased persons and 37 for non-payment of fees)

The Board hears complaints against registered valuers:

2016	2017
17 complaints	12 complaints
4 hearings	5 hearings
\$11,500 fines imposed	\$13,000 fines imposed
\$31,700 costs awarded	\$32,400 costs
0 removals from the register	0 removals from the register

Statement of financial performance

For the year ended 31 December	2016 (\$)	2017 (\$)
Income	856,568	810,130
Less expenditure	712,493	681,047
Net surplus for the year	144,075	129,083

Statement of Movements in Members' Funds

For the year ended 31 December	2016 (\$)	2017 (\$)
Members' funds as at 1 January	469,335	613,410
Net surplus for the year	144,075	129,083
Total recognised revenue and expenses for the year	144,075	129,083
Members' funds as at 31 December	613,410	742,493

Statement of Financial Position

As at 31 December	2016 (\$)	2017 (\$)
Members' funds	613,410	742,493
Represented by: Current assets	1,123,843	1,291,645
Non-current assets	18,221	13,927
Current liabilities	528,654	563,079
Net assets	613,410	742,493



The Valuers Registration Board Annual Report for the period 1 January 2017 to 31 December 2017 can be found at: <https://www.linz.govt.nz/regulatory/valuation/valuers-registration-board>

Appendix C

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 2017/18 Annual Report.

Pastoral lease acquisitions comply with the Crown Pastoral Land Act 1998.

2016/17 Performance	2017/18 Budget Standard	2017/18 Actual
Achieved	Achieved	Achieved

Appendix D

Statutory information

This table details information required under section 181 of the Land Act 1948 for the year ended 30 June 2018.

Details	Number	Total area (hectares)	Price paid (\$)	Total annual rent payable (\$)
Areas of private land or leasees' interest in Crown land purchased during the year	-	-	-	-
Areas of land purchased by the Office of Treaty Settlements under section 40 of the Land Act 1948	10	12,1579	4,106,765	n/a
Leases and licences granted during the year	40	524	n/a	59,103
Leases and licenses current at the end of the year	1,284	5,373	n/a	916,000

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