

**Vote Land Information**

Baseline Alignment Proposal

Version 1

2 March 2010

Submitted by:

**Hon Maurice Williamson**

## **Section 1: Alignment to Government Priorities**

The top three priorities for Vote Land Information for 2010 are:

1. Implementing the New Zealand Geospatial Strategy
2. Contributing to the Office of Treaty Settlements in progressing Treaty claims; and
3. Implementing the South Island High Country policy.

### **Priority One - The importance and contribution of geospatial information to the New Zealand economy**

Geospatial information and its associated technology have an important role to play in enabling New Zealand's medium-term economic growth. They are key enablers to shifting New Zealand economy's productive capacity and are already contributing to significant economic sectors such as agriculture and tourism. A report commissioned by LINZ earlier this year, *Spatial Information in the New Zealand Economy*, states that geospatial information contributes \$1.2bn to the New Zealand economy each year.

Some further significant opportunities exist for government to help advance its economic growth agenda by accelerating investment in digital spatial infrastructure, in accordance with the New Zealand Geospatial Strategy. While small in its own right, the geospatial sector enables productivity improvements in a wide range of other sectors and industries. Importantly, this refers to pure productivity benefits and does not include non-productivity benefits that are also important drivers of New Zealand's overall prosperity.

This priority area seeks to establish and manage a framework for nationally important geospatial data services. This work aims to drive efficiencies in the way government spatial data is acquired, managed and distributed, with an emphasis on improving use and re-use of existing data, particularly where it can stimulate innovation. Specifically, this work seeks to;

- raise awareness of the role and value of geospatial information and technology to New Zealand and promote greater adoption in key sectors
- support the growth of the spatial industry by working with industry leaders and the wider economic development sector to address capability issues
- further strengthen trans-Tasman partnerships, especially where we can leverage the strengths of each nation and align research and development and spatial infrastructure activities
- make LINZ-held data more open and accessible to a greater range of users for a greater range of purposes, and
- enhance the governance and co-ordination structures that guide this boundary-crossing work.

LINZ will continue to work with agencies across the state sector to ensure they are focused on delivery of the key elements of the strategy.

## **Priority Two - LINZ's role in the Treaty settlements process**

The Government is committed to the expeditious completion of final, durable settlements of historical grievances. This is seen as a key ingredient to ensure Māori fulfil their potential both socially and economically. To do this effectively, the Government wants to achieve a just and durable settlement of all historical Treaty claims by 2014.

Treaty settlements are a whole-of-government process with implications across the work of many agencies over the next 12 to 18 months. The Office of Treaty Settlements (OTS) is the lead agency for the negotiation of historical Treaty of Waitangi claims, and co-ordinates the input of other departments as necessary.

LINZ has a major role to play in this process as it is required to comply with legislation arising from the settlements process and with the standards set for property disposal processes. We are involved in all settlements at some point and the services provided by LINZ as part of that process include:

- expert policy and land transaction advice
- regulatory decisions on Treaty settlement documents for registration, and
- place name changes through interaction with the New Zealand Geographic Board.

The responsiveness of the Treaty sector to the challenges ahead will require significant cross-sector engagement and information sharing to meet key deliverables and the settlement of all historical claims by the 2014 deadline.

Given the nature and complexity of Treaty settlement activity, and the increased pace of settlements necessary to achieve the 2014 deadline, a significant level of resource will be required from LINZ.

## **Priority Three - Implementation of the South Island High Country policy**

The South Island High Country plays an important role in the Government's economic growth agenda in terms of its economic, environment and tourism significance. The Government's interest in ensuring the setting of high country rents are tied into the earning capacity of farm properties supports the ongoing viability of the high country.

The strategic direction for the South Island High Country has been agreed by Cabinet and LINZ is completing the remaining policy development, which relates to earning capacity rents.

The focus of this priority in 2010 will be:

- To implement the decision on earning capacity based rents for pastoral leases, which may require some legislative change if it cannot be implemented within the existing legal framework; and
- To resolve the large number of pastoral lease rents reviews currently before the Land Valuation Tribunal.

## **Section 2: Reprioritisation**

### **What would be new or different?**

#### **a. Geospatial Office (Government priority one)**

The New Zealand Geospatial Strategy was developed in 2006 to better coordinate and manage the use of New Zealand's geospatial resources across all tiers of society. It addresses the increasing reliance on geospatial information in New Zealand and the opportunities offered by the new digital environment for efficiencies in the collection, management and provision of that information. Geospatial information and technology has an important role to play in enabling New Zealand's medium-term economic growth, and I believe it is critical LINZ prioritises this work.

In 2009/10 LINZ created a Geospatial office with specific responsibilities for facilitating the New Zealand Geospatial Strategy and the associate work outlined above. This is one of my priority areas that LINZ has not received specific funding for. The department re-allocated funds in the 2009/10 year to fund the operation of this office. To enable funding of this office on an ongoing basis I propose to re-allocate ongoing funds of \$0.658m from 2010/11 to maintain the office's operating functions.

#### **b. Accuracy of Survey Data (Government priority one)**

There are two related programmes that aim to improve accuracy of survey data:

- Geodetic Spatial Alignment, and
- Linking of Survey and Titles Parcels in Landonline.

These activities contribute to implementing the New Zealand Geospatial Strategy as they contribute to creating a world-leading spatial data infrastructure for New Zealand.

##### *Geodetic Spatial Alignment*

The Geodetic Spatial Alignment initiative's aim is to improve the accuracy of the non survey-accurate digital cadastre<sup>1</sup> data currently contained in Landonline<sup>2</sup>. This data represents approximately 30% of the total New Zealand cadastre, and is mostly rural areas. This initiative aims to survey 8,000 geodetic marks<sup>3</sup> over a period of two years.

Due to their low accuracy, the current non survey-accurate digital cadastre areas can be time consuming and challenging. The problem affects a number of key stakeholder groups including:

- Cadastral Surveyors (survey data preparation)
- Third Party users (cannot accurately combine the cadastre with other spatial data)

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<sup>1</sup> Legal register of the extent and ownership of land.

<sup>2</sup> Landonline is the electronic registration system for survey and land titles.

<sup>3</sup> Geodetic/Survey Marks are used to define the spatial extent of the cadastre and spatial extent of other positions.

- Other Government Departments
- Local Authorities
- State-Owned Enterprise
- Private Companies
- General Public (cannot reliably see their property boundaries overlaid on an aerial photograph).

The proposed work will improve the accuracy of the data, ensuring an enhanced cadastre database for all New Zealanders to benefit from.

#### *Linking of Survey and Title Parcels in Landonline*

This initiative focuses on improving the accuracy and completeness of titles to spatially defined parcels within Landonline.

Current limitations in the data result in users needing to link data retrieved from Landonline into related GIS systems, or regularly perform some form of spatial analysis direct from Landonline data. This results in a significant duplication of effort, time, and cost.

It is expected that the improved data quality will reduce this duplication of effort, time and costs and benefit those dealing with more than a few titles (for example, bulk data users and other end users of the information, such as the New Zealand public).

I propose transferring funding of \$0.800m per annum for 2010/11 and 2011/12 only to fund both these programmes.

#### **c. Treaty of Waitangi Implementation Costs (Government priority two)**

Cabinet has agreed (TOW Min (10) 1/1 refers) to make best endeavours to reach Deeds of Settlement with all mandated groups by 2014. LINZ will have a key role in supporting the Treaty settlements process and this requires a re-prioritisation of our capacity to enable OTS and Government to meet their objectives in this area. LINZ has responsibility for implementing negotiated Treaty settlements, and incurs costs for doing so. LINZ is currently not sufficiently funded for this accelerated work programme. The accelerated programme will result in additional costs for LINZ from 2011/12 of over \$1m per annum.

I propose to divert funds into this area, of \$1.128m in 2011/12 and \$1.500m from 2012/13. These costs are made up of the costs of surveys and valuations of land subject to Treaty Settlement. While LINZ is reprioritising funding to cover these estimated costs in the short term, we may consider the need for additional funding at a later stage depending on how the work programme develops and the direct impact on LINZ.

#### **d. Additional policy resource (Government priority three)**

LINZ has a variety of policy work programmes which require additional on-going resource. LINZ has not been subject to significant growth in policy advice resourcing over recent years. In fact, as set out in your letter to me dated 9 November 2009, LINZ staff levels actually decreased by 12% over the period 2003 to 2008. The South Island High Country priority requires a strong policy development focus. I therefore

propose allocating an additional \$0.172m per annum to policy advice to enable the placement of two extra staff.

The impact of a key part of this policy work will be measured by having an efficient and effective method for setting rents under Crown pastoral leases based on earning capacity of properties.

#### **e. Ministry for the Environment properties**

Due to LINZ's skill in managing Crown property, a decision has been made to move land managed by the Ministry for the Environment to LINZ. This meets the Government goals of generating efficiencies through centres of excellence but does mean an increase in cost to LINZ. The cost to LINZ of managing this land in accordance with expected standards is an extra \$0.250m. I am asking the department to absorb these costs. This has a direct link to LINZ's outcome of Best Use of Crown Assets.

#### **f. Loss on Sale – Petone West**

The former Petone West School site is Crown-owned land currently held by three agencies, the Department of Corrections, Ministry of Education and LINZ. The land was originally Maori freehold land prior to its acquisition by the Crown in 1908 for education purposes. Legal disputes have persisted since 1993 regarding the true successors of the land.

An agreement to dispose of this land will result in benefits to the Crown. These include the Right of First Refusal provisions of the Taranaki Whanau Deed of Settlement not being pursued, and will exclude the Crown from significant future legal costs. As part of this agreement, the Crown will dispose of the land at less than market value. An appropriation is needed for the negotiated loss on sale of \$0.280m, this will be funded by reprioritisation of other Crown appropriations. This appropriation is required to ensure compliance with International Financial Reporting Standards, which require land to be held at market value and any loss on sale to be recognised as a cost in the departments accounts.

#### **What would stop or decrease?**

The department is committed to funding all increased costs and changes in priorities within current baselines. The department is proposing to change the mix of work, slowing some work or doing it more efficiently to enable the key priorities to be funded. It should be noted that, while LINZ's total departmental appropriation for 2010/11 is \$106.550m, the Crown-funded portion is limited to approximately \$52.000m, the reprioritisation and reallocation of funds set out in this paper relate primarily to that Crown funding stream. The department is also constrained in its ability to absorb further requests for savings or whole of government funding initiatives. I have previously made this point in a letter regarding the NZ Productivity Commission, costs which have also been absorbed by the department.

It should also be noted that for Budget 2009, as part of the Value for Money exercise and line by line reviews, LINZ identified and returned a one-off saving of \$1m of Revenue Crown funding in 2008/09. LINZ also identified savings in 2009/10 and outyears of Crown funding totalling \$3.550m per annum. This was a significant contribution of over 7% of LINZ's Crown funding.

It should also be noted that all these funding assumptions are based on a current review of Survey and Titles Fees<sup>4</sup> being approved by Cabinet in March. If this fee review is not approved, the department would have a \$12m revenue shortfall per annum. This would increase the Memorandum account deficit further, which currently sits at -\$28m. The department would need to significantly reduce its operating costs to manage this shortfall, which would negatively affect service levels. The department is focused on mitigating these risks.

To fund the changes detailed above, the department is proposing to reallocate the following types of funding.

- Savings from topographic efficiencies of \$0.700m due to this work being undertaken within LINZ.
- The department has always maintained a contestable project funding pool to enable strategic priorities to be funded without the need to seek additional resources. These funds would be released to absorb the extra costs described above. To enable strategic projects to continue to be funded, efficiency initiatives such as a review of LINZ's IT supplier arrangements are likely to generate further savings in out years, which will then be reprioritised to cover increased costs.
- The department has made cumulative internal efficiencies which has enabled reprioritisation of funds.
- For 2009/10, the department has identified savings that I propose to carry forward to 2010/11 and 2011/12. The savings are the balance of the 2009/10 contestable pool, and other savings that have been identified through cost saving initiatives.

In addition, a number of Crown property programmes are proposed to be scaled back from 2010/11. Programmes such as wilding pine control on Crown pastoral land and surplus Crown property disposal will be scaled back. While there are risks associated with reduction in work programmes these will be managed by the department. This is an example of the type of reprioritization that the department has always done as a matter of course.

All these savings, combined with the reduction in work programmes, enable the priority work outlined above to be funded within existing baselines.

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<sup>4</sup> These are the fees charged to Landonline users for survey and title transactions.

### **Section 3: Summary of Financial Movements**

See attached table.



## Baseline Alignment Proposal - Financial Summary Report

<b>Vote: Lands</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>
<b>Baseline (2009/10 FBU)</b>	<b>140,428</b>	<b>149,694</b>	<b>147,100</b>	<b>120,605</b>	<b>120,605</b>
Share Allocation	0	0	0	0	0
Centralised Saving	0	0	0	0	0
Reprioritisation					
2009/10 Savings to Carry Forward	-2,400	0	0	0	0
Accuracy of Survey Data	0	800	800	0	0
Additional Treaty of Waitangi Implementation Costs	0	0	1,128	1,500	1,500
Carry forward 2010/11 Funding	0	-1,500	0	0	0
Geospatial Office Work Programme	0	658	658	658	658
Ministry for Environment Properties	0	250	250	250	250
Petone West Loss on Sale (1)	280	280	0	0	0
Petone West Loss on Sale (2)	-280	-280	0	0	0

Policy Extra Resources	0	172	172	172	172
Release of Contestable Funding Pool	0	-1,273	-195	-607	-1,273
Topographic Efficiency Savings	0	-700	-700	-700	-700
Total Reprioritisation	-2,400	-1,593	2,113	1,273	607
Transfers Outside Vote					
NZ Productivity Commission	0	-35	-70	-75	-75
Total Transfers Outside Vote	0	-35	-70	-75	-75
Total Changes	-2,400	-1,628	2,043	1,198	532
Total Proposed Baseline	138,028	148,066	149,143	121,803	121,137