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Land Information New Zealand Four-year Plan

December 2013

Table of Contents

- Introduction – LINZ’s 10-year view 5**
- Executive Summary 6**
- Section 1: Strategic direction 9**
 - 1.1 Context..... 9
 - 1.2 Strategic objectives 13
- Section 2: Strategic delivery 15**
 - 2.1 Our developing operating model 15
 - 2.3 Outputs, services and activities that will remain unchanged 17
 - 2.4 New activity that will be funded from within current baselines 17
 - 2.5 Significant changes that will generate savings 21
 - 2.6 Significant other changes that have no baseline changes including activity in partnership with other agencies 22
 - 2.7 Additional activity not able to be funded within current baseline 22
- Section 3: Risks to implementation..... 24**
 - 3.1 Risks 24
 - 3.2 Organisational resiliency..... 24
- Section 4: Organisational capability and workforce..... 26**
 - 4.1 Introduction 26
 - 4.2 Organisational capability..... 26
 - [11]
 - 4.4 Change leadership..... 29
 - 4.5 Culture 30
 - [11]
- Section 5: Financial summary..... 33**
 - 5.1 Overview 33
 - 5.2 Operating model – third party revenue and Crown funding..... 33
 - 5.3 Past cost savings and efficiencies 34
 - 5.4 Capital constraints 34
- [11]

Annex 5.2 Supporting financial information	44
5.2.1 New activity that will be funded within current baselines	44
5.2.2 Cost pressures.....	45
5.2.3 Changes that will generate savings.....	48
5.2.4 Vote transfers	48
Annex 5.2a Supporting financial information (Crown)	49
5.2.1 New activity that will be funded within current baselines	49
5.2.2 Cost pressures.....	50
5.2.3 Changes that will generate savings.....	52
5.2.4 Vote transfers	52
Annex 5.2b Supporting financial information (third-party)	53
5.2.1 New activity that will be funded within current baselines	53
5.2.2 Cost pressures.....	54
5.2.3 Changes that will generate savings.....	56
5.2.4 Vote transfers	56
Annex 5.3 Budget initiatives	57
Annex 5.4 Anticipated out-year funding requests.....	57
Annex 5.5 Capital intentions	58
5.5.1 Current state	58
5.5.2 Trends	58
5.5.3 Potential for private sector investment.....	58
5.5.4 Existing balance sheet.....	58
5.5.5 Major capital decisions/challenges.....	59
5.5.6 Strategy for managing capital	59
5.5.7 Other relevant information	59
Annex 5.6 Alignment with the Government ICT Strategy and Action Plan to 2017	60
5.6.1 Introduction	60
5.6.2 Services are digital by default	60
5.6.3 Information is managed as an asset.....	61
5.6.4 Investment and capability are shared	62
5.6.5 Leadership and culture deliver change	63
5.6.6 Systems assurance.....	64
Annex 5.7 Risks.....	65
5.7.1 Strategic and operational risks.....	65
5.7.2 Resilience.....	69
5.7.3 Risks to the sustainability of the Four-year Plan beyond 2017/18.....	71
5.7.4 Risk matrix	72

Annex 5.8 Government priorities	73
5.8.1 Delivering Better Public Services	73
5.8.2 Canterbury rebuild	74
5.8.3 Building a more productive and competitive economy (BGA work-stream)....	75
Appendix 1: Detail of the LINZ workforce (as at 30 June 2013)	78

Introduction – LINZ's 10-year view

Following on from the findings of the 2013 Performance Improvement Framework (PIF) review, LINZ has looked a decade ahead at how we can apply our focus, funding and people to the greatest benefit for New Zealand. This longer term perspective, our 10-year view, is crucial when looking at knowledge infrastructure developments and investments – complex projects, with sometimes significant capital requirements and long lead-in times.

Location information provides powerful insights for economic development and investment decision making, resource decision making, social and economic policy, technological innovation, safety and security and a range of cultural, environmental and recreational activities. In a 2008 study, location information was estimated to contribute \$1.2billion a year to the New Zealand economy. If key barriers to effective generation and use of location information were removed the study estimated there would be a further \$500m a year in productivity benefits and an extra \$100m in government revenue. Given rapid developments in location information and its potential uses, this is now likely to be a significant underestimate of the unrealised economic benefits.

Over the next ten years, LINZ sees our central purpose as leading the development of a world-class system of integrated, seamless location information. This purpose will provide the direction for our investments, planning and priorities. Putting location information at the heart of our organisational purpose will have tremendous benefit for the economy, communities, Māori/iwi and government. A world-class location system will give New Zealand tools to make progress addressing complex and persistent issues in the health, social and environmental spheres, and will support and encourage innovation and better resource use.

Our stakeholders understand the value of effective creation, accessing and re-using of location information and how that could enable better decisions and innovation in the economy. However they acknowledge the significant barriers, including a need for better leadership and coordination in the location system, and see this as a significant economic opportunity cost to New Zealand. Participants in the location system see LINZ as a natural leader. Our current strengths include leading the on-line aspects of the location system (as it relates to land) and being strongly customer centric. There is a widespread expectation in the private sector, with Māori/iwi, and central and local government agencies that LINZ will become increasingly prominent and effective in this leadership role.

With this in mind we have developed our vision - that **the power of 'where' drives New Zealand's success**.¹ "Where" in the 21st century is all about combining and using any information that can be location-enabled (e.g. health and employment data, weather patterns, public transport routes) from different sources to create increasingly sophisticated and seamless location information.² We have set a long-term strategic goal of **doubling the value created through the use of location information** over the next 10 years. This 10-year view provides an overarching context for our activities for the next four years described in this plan.

¹In the following section the concepts underlying LINZ's new vision, strategic goal and purpose are firmly established. The exact wording and emphasis, however, may change following a series of staff and stakeholder meetings to socialise the concepts and seek feedback

² Location information (also known as geospatial information) is information linked to a spatial grid. It can include specific physical locations on, above or below the earth's surface.

Executive Summary

We have an ambitious Four-year Plan to increase LINZ's already significant contribution to economic growth and the delivery of Better Public Services. This plan outlines how we will organise and develop the resources to do this. It builds on LINZ's acknowledged organisational strengths including a capable, highly engaged workforce, strong customer focus and responsiveness, cost efficiency, ability to innovate and track record of delivering high quality products and services.

This Four-year Plan signals the organisational refocusing that puts location information at the centre of our efforts. We aim to achieve a step-change in the use of location information in New Zealand, and, over the course of the next decade, lead the creation of a world-class information system and double the value realised from location information. The economic benefits of improved creation and use/reuse of location information are well established. The challenge is in continuously reducing the barriers to unlocking these benefits. LINZ has been at the centre of progress made over the last six years in reducing these barriers. LINZ's PIF review, and subsequent work, identified accelerating this work and increasing our impact, particularly through LINZ being more active in our leadership role, as the central performance challenge facing LINZ. We need to balance this with continued high quality delivery of our other functions (not all of which are significant direct contributors to the location system).

In rapidly developing technology driven areas such as location information, getting there slowly can in effect mean not getting there at all (at least in an internationally competitive market). New Zealand has the opportunity to make a step change in the pace of development of the New Zealand location system, reap economic benefits and create an international competitive advantage.

In the coming months LINZ will be putting considerable effort into shaping up the specific initiatives needed to achieve this step-change, and how they can best be funded. This will also have implications for our business model, the capability we require and how we best direct our resources. In the coming financial year we will be re-prioritising \$1m to undertake important foundational work in the five fundamental data themes for which LINZ has stewardship responsibilities, and for cross data theme coordination. We will also continue to implement initiatives already underway, including our work programme for improving the quality and accessibility of LINZ held location information; cross-agency work lead by NZGO; progressing the suite of Canterbury Strategic Data Infrastructure projects; providing effective support for Māori and iwi development through our Business with Māori strategy – He Whāriki Maurua, and the development of the Advanced Survey and Titles Services (currently in planning phases) which will also contribute to providing better property services across central and local government.

Based on our experience to date, policy work and the input we have received from Ministers, stakeholders and customers, we will be refreshing our strategic work programme for location information to achieve the increased improvements required. We have undertaken some preliminary work on this and identified two areas of focus:

- Increasing LINZ's capability to assist other government agencies in their development and use of inter-operable location-enabled information
- Implementing prioritised investment in the five data themes for which LINZ has stewardship responsibilities.

[7]

[7]

Alongside our increased focus on location information, and performing our core outputs to a high standard, we make contributions to the wider effective functioning of government. Key initiatives include the establishment of a Crown Land Centre of Expertise (driving more efficient management, disposal and use of Crown land); LINZ's contribution to the Government ICT Strategy and Action Plan to 2017 and an initiative with the Ministry for the Environment on optimizing IT systems; prioritising support of the Treaty of Waitangi settlement process, and playing an active role working with other government agencies, Māori/iwi, and the private sector in implementing of the Māori Economic Development Strategy - He Kai Kei Aku Ringa.

It is also possible that LINZ will be undertaking significant Māori land services following the review of Te Ture Whenua Māori Act 1993. Transitioning and implementing this change, depending on what LINZ is asked to deliver, could be a major organisational undertaking. At least in part, it presents a major opportunity for LINZ to be the authoritative source of land information.

In the period covered by this plan LINZ faces the following financial, capability and capacity constraints/challenges:

- Operating expenditure: LINZ can fund most of the activities described in this Four-year Plan and absorb inflationary pressures through re-prioritisation of funds and/or transfer of resource from other agencies. [7]
- Capital: The development of a 10-year capital plan indicates that LINZ has sufficient capital funding to replace existing assets. However a number of systems used within LINZ have been identified that were not originally capitalised when they were developed. These will require replacing in the near future and will be now be classified as assets. LINZ does not have specific depreciation reserves for these systems, which will put pressure on existing capital funding.

[7]

- Capability: LINZ has good core capability and a high level of staff engagement. However, to drive accelerated development of the location system, LINZ needs to increase our capabilities to lead, engage and influence with other stakeholders in the location system. We also face challenges in attracting and retaining the right level of capability within our technical teams, and many of the senior roles are particularly hard to fill, being in demand internationally. Development of talent from within is a key strategy in addressing this.

[7]

LINZ has identified and assessed the strategic risks to the achievement of this Four-year Plan, including the impact of the current constraints identified above. None of the risks appear critical at present, and we will continue to work to mitigate them and improve organisational resiliency.

Section 1: Strategic direction

1.1 Context

The key planning context for the next four years for LINZ is found in three areas. These are the Government priorities, LINZ's functions and our strategic operating environment. These are discussed below.

1.1a Government priorities

Our strategic direction is shaped by the Government's priorities of:

- building a more productive and competitive economy
- delivering Better Public Services (result areas 9 and 10 are of particular significance for LINZ³)
- having government data, including location information, open and available
- rebuilding Canterbury.

The Minister for Land Information has agreed four priorities for LINZ to focus on during 2013/14, which we anticipate continuing into 2014/15 and beyond. These are:

- delivering available, accessible and useable location information and infrastructure to New Zealanders
- supporting the rebuild of Canterbury
- implementing the Crown Land Centre of Expertise
- delivering Better Property Services.

Additionally there are a range of other government strategies that shape and influence our activities. Particularly important amongst these for LINZ are the Māori Economic Development Strategy – He Kai Kei Aku Ringa, and the Government ICT Strategy and Action Plan to 2017.

To deliver to the Māori Economic Development Strategy LINZ has developed and is implementing our Business with Māori strategy – He Whāriki Maurua to provide more effective support for Māori and iwi development. Of note, LINZ is actively participating in Goal 5 - Active Discussions around the Development of Natural Resources in close collaboration with Ministry of Business, Innovation and Employment, Te Puni Kokiri, and other agencies.

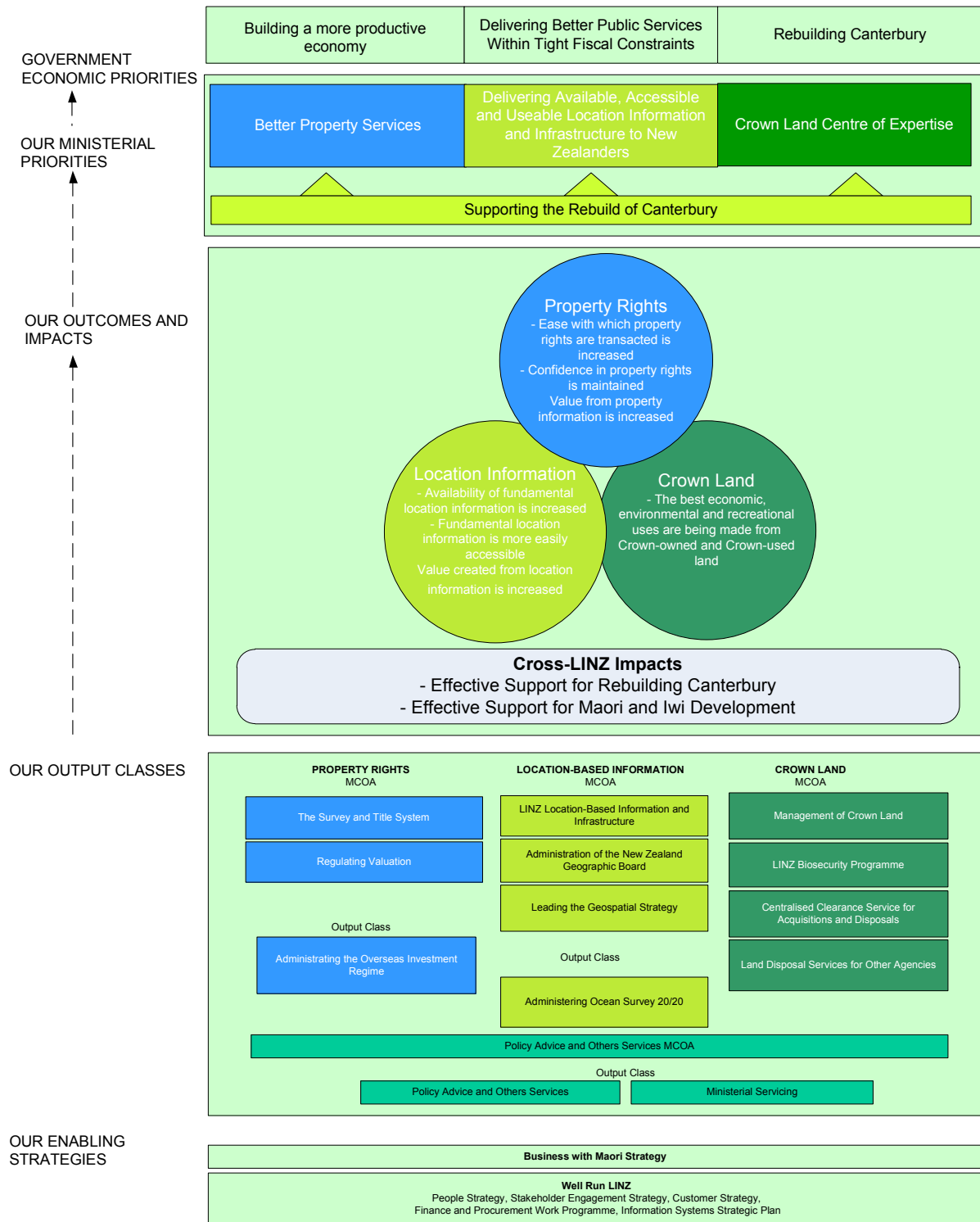
In response to the Government ICT Strategy and Action Plan to 2017, LINZ has proposed changes which are outlined in Annex 5.6. Of note, LINZ is leading Action 13.1 in close collaboration with partners Statistics NZ and the Department of Internal Affairs.

Figure 1 on the following page shows the link between Government and Ministerial priorities and LINZ's high level outcomes (and how this flows into our outputs). Our three high level outcomes are:

³ "New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their businesses" and "New Zealanders can complete their transactions with government easily in a digital environment".

- Location information is widely available, easily accessible and readily used (resulting in better decisions and creating value for NZ)
- Clear, certain, easily tradeable and accessible property rights and information
- The best economic, environmental and recreational uses are being made from Crown-owned and Crown-used land.

Figure 1: Our outcomes framework



1.1b LINZ's functions

Leadership of the location information system and management of LINZ location information

LINZ plays two closely interlinked roles in location information:

- Working **“in the location system”**: LINZ is a major creator and distributor of location information products and services. We are responsible for the availability and integrity of significant fundamental data. We have custodial responsibilities⁴ for a large number of underlying datasets⁵. We manage and develop existing and new datasets of core location information and release them for others to use and reuse. This includes topographic, hydrographic, geodetic, cadastral and title information in digital and paper formats, including datasets in a variety of formats, maps and charts. In addition, we administer place name rights through our support for the New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa. Much of our data is currently available free, on-line, in readily reusable formats through the LINZ Data Service (recognised internationally as a major innovation in enabling widespread location information access and use).

Building on our role as a direct information creator and distributor, we have Steward⁶ responsibilities for five fundamental data themes of location information – positioning, cadastral and property, addresses, imagery, and elevation and depth. Our role as Steward is ensuring that they are well managed and developed efficiently and effectively. LINZ has a strong interest in two other themes (geographic names and administrative boundaries) and may commit to stewardship of those themes, but no decisions have yet been made.

- Working **“on the location system”**: LINZ also has a role as an overall location system leader. We house the New Zealand Geospatial Office (NZGO), which leads all-of-government efforts to unlock the economic benefits from better reuse of location information. NZGO has a Cabinet mandate to lead the creation of a national spatial data infrastructure for New Zealand, which is the core of an effective location system. We are progressing this work in a range of areas: governance (e.g. implementing a Steward's framework), interoperability and access, investment planning and guidance. We have a role in expanding the understanding and use of location information in decision making and innovation.

Management of property rights

We administer the survey and title system which forms the basis of New Zealand's land property rights market and is critical to the ongoing functioning of the economy. This is also an important source of location information. We help ensure confidence in property rights through the delivery of a world-leading system that facilitates the sale, purchase and development of property at a reasonable cost.

⁴ Custodianship ensures appropriate care in the collection, storage, maintenance and supply of specific sets of location information.

⁵ Fundamental data themes are associated groupings of datasets that are particularly important to New Zealand.

⁶ This involves ensuring that investment in location information (by government in particular) is prioritised and purposeful. It also involves having standards and protocols in place to ensure access to data, interoperability and re-use, and that the current uses and future potential of location information is promoted and widely understood.

Our additional property rights-related roles include regulating property valuation for both the private sector and local government; managing property rights related to reclaimed marine and coastal land, and administering New Zealand's overseas investment legislation.

Management of Crown land

We manage eight per cent of New Zealand's land area, consisting of over 5,000 properties that include 231 South Island High Country pastoral leases, riverbed land, lake beds, major sites such as the Waihi gold mine, and 48 Crown Forestry Licenses. We also provide support to the Canterbury Earthquake Recovery Authority (CERA). This will eventually include maintaining up to 8,000 properties in the Canterbury red zone on behalf of CERA.

In addition, we regulate the acquisition and disposal of land by all Crown agencies. These transactions make an important contribution to the development of our national infrastructure.

1.1c Strategic operating environment

The opportunities and challenges in our operating environment influence how we contribute to government priorities and undertake our core outputs.

Key influences are developments in location information such as:

- Rapid technological developments and innovations in using location information, and demand for more interoperability and greater levels of accuracy
- The need to work with the private geospatial sector as companies create new products based primarily on location information
- The need to work more closely with Māori and iwi and their partners to provide location information to better support decision-making around the use and utilisation of Māori land and resources
- Increasing customer and stakeholder expectations for LINZ to deliver more comprehensive and accurate data, including taking greater responsibility for existing datasets, their availability and accessibility.

As a member of the natural resources sector, increasing and competing pressures on New Zealand's natural resources and the need for more coordinated management and strategic policy from responsible agencies is an important influence. How location information can be developed and better utilised is key in this area for both policy decision-making and specific resource use decisions.

New Zealand's long term horizon will be dominated by a complex range of strategies for infrastructure development that span sectors such as spatial planning including hazard management, water management, developing exports and stimulating productivity. All of these are location information dependent.

Other examples of opportunities and challenges include:

- Rapidly growing opportunities to further unlock value for Māori and iwi in pre and post-Treaty settlement activities
- The protection of New Zealand's long term interests through the operation of the Overseas Investment Office and the effect of policy settings for overseas investment
- Changes to Māori land services and other legislation

- On-going effects of global economic volatility on property market activity in New Zealand and on the revenue we generate from property rights transactions
- Future arrangements for the management of the Canterbury Rebuild following the wind down of CERA.

1.2 Strategic objectives

Flowing from the context factors outlined above, LINZ has a set of strategic objectives for the next four years which were developed out of the PIF review process and align with our four-year excellence horizon.

Location information

By the end of 2017/18, LINZ will be fully effective in our multi-level role as the leader of the NZ location system. Key objectives include:

- There will be widespread understanding, particularly in government agencies, of the value of location information and how to use it. The location system will be characterised by integration, coordination, user responsiveness and informed demand.
- We will be completing the development and implementation of an integrated national spatial data infrastructure (SDI). While the SDI will continue to evolve and develop, we are aiming to have the key components established and operational within the timeframe of the current plan.
- Stewardship responsibility for all fundamental data themes will be allocated and all fundamental data themes will be actively and effectively managed. Investment in data themes will be purposeful and take a national interest perspective. LINZ will provide overall leadership and support to all Stewards.
- LINZ will be an effective Steward of the data themes for which we are responsible, including the development of prioritised investment strategies. LINZ will be effective as a role model and source of advice and assistance for other Stewards and Custodians in the location system.
- We will continue to develop and effectively manage the datasets for which we are Custodian, in alignment with the guidance of data theme Stewards.

By the end of 2017/18, significant progress will have been made in future-proofing and enhancing the New Zealand survey and title system. Within six years the survey and titles service will have a next generation platform in place. In four years we will be well advanced through this work programme and will have delivered key elements of the final system. In developing this new platform we will consider interoperability with other property related services across government and local government, and how stewardship and coordination of these services can be improved (“Better Property Services”).

Crown Land Management

By the end of 2017/18, significant efficiencies and increased effectiveness in the management of Crown land will have been realised through the Crown Land Centre of Expertise being fully operational. LINZ will provide advice and assistance to other agencies and stakeholders through a resource hub. Most of the Crown land held by core Crown agencies not needed for agency purposes will be managed and disposed of by LINZ.

Canterbury rebuild

By the end of 2017/18, the transition of red-zone properties, including intellectual property transfers as needed, from CERA to LINZ will be managed smoothly. There will be a clear blueprint in place for red-zone land, and it will be maintained effectively in accordance with this.

By the end of 2017/18, the Canterbury spatial data infrastructure programme will have been successfully completed. It will have made a valuable contribution to the rebuild process, been evaluated and lessons learned drawn on in the development of the national spatial data infrastructure.

Supporting Māori and iwi development

By the end of 2017/18, LINZ's potential to accelerate Māori and iwi development, releasing greater value to New Zealand, will be realised through the successful implementation of our Business with Māori Strategy – He Whāriki Maurua. LINZ will have increased our understanding on how Māori land information can be better utilised for improved decision making. Significant progress to support Māori and iwi development will have been made through LINZ's established strategic relationships with Māori and iwi, increased involvement in sector-wide Māori development initiatives and improved service delivery and responsiveness to meet Māori and iwi location information needs.

Other functions

Continue to deliver our other functions to agreed standards and increasingly align these to contribute to the development of the location system

In addition, over the next four years we will be looking to deliver our other core outputs in a way that maximises the contribution that they make to the development of the location system. This will occur while continuing to meet our customers' needs and ensuring that LINZ's reputation is maintained. This process may lead to changes in the way in which we have traditionally delivered our products and services.

Section 2: Strategic delivery

2.1 Our developing operating model

LINZ has in place an operating model which has enabled us to deliver our products and services effectively and efficiently for several years. Refocusing our efforts on leading the development of a world class location information system requires us to change our current model. We have begun the process of refocusing our activities and enabling strategies to support the delivery of our strategic objectives. We are working on determining the scope and scale of this change at present.

The revised framework for our business model, developed as part of our 10-year view, outlines the considerations for operationalising our strategy. Core design considerations for our business model development include:

- Leading the creation of a world class location system – the need to increase our leadership capability and capacity across the organisation, but particularly at the most strategic and senior levels
- Developing stronger strategic relationships and joint work within government agencies and with local government, Māori and iwi and the private sector to better understand each others' needs, leverage resources and manage risks
- Recognising the infrastructural characteristics of a lot of our work – its implications for lead-in times, prioritisation, programme management, and capital management
- Maintaining and enhancing our core technical expertise and reputation
- Acknowledging our heavy reliance on information and communications technology.

The PIF review found that to achieve our stretch objectives, it is critical that the senior leadership team focus their collective energy on the strategically important opportunities open to LINZ and the strategically important issues confronting our performance. LINZ needs to improve the way it uses business planning capability, performance monitoring and evaluation, and benefit realisation to support this. Work is underway to improve capability in these areas.

2.2 Prioritisation and trade-offs

[11]

Our existing work can be managed within baseline over the course of this Four-year Plan by utilising previous efficiency savings and reprioritising. For example, we can fund the continuation of our work in supporting the Treaty of Waitangi settlements process through reprioritisation of resources within our Crown land management operations. We will continue to meet inflationary cost pressure from further efficiencies.

We are proposing to reprioritise a further \$1m per year (around 2 per cent of our Crown baseline) to put towards our stewardship roles⁷ in the five fundamental data themes⁸ for which we have responsibility.[7]

[7]

LINZ faces constraints and challenges in leading the doubling of the value added by location information to New Zealand. To make the necessary step change in the development of New Zealand's location system, it is clear we are going to have to devote more resources, financial and personnel, to the task than at present. We have identified some of the shorter term requirements and outline these later in this plan.

We do not fully know the path from 2013 to a seamless location system in 2023. The exact applications and impacts created by location information are hard to foresee a decade out. Our understanding (in common with similar agencies internationally) is evolving, and we intend working intensively on the "what" and "how" needed to achieve the medium to long term step change in the coming months. [7]

[7]

With Steward leaders in place we will be able to do the necessary work to establish detailed investment strategies for the five data themes and also to prioritise investment across data themes.

[11]

⁷ An agency with a Stewardship role ensures that appropriate data-management policies are developed and maintained on behalf of the Crown, and encourages fundamental datasets within the theme to be collected and maintained in line with user priorities.

⁸ The fundamental data themes have been developed through ANZLIC (ANZLIC - the Spatial Information Council is the intergovernmental organisation providing leadership in the collection, management and use of spatial information in Australia and New Zealand). The five that LINZ has responsibility for are positioning, cadastral and property, address, imagery and elevation and depth.

2.3 Outputs, services and activities that will remain unchanged

In addition to our location information roles, LINZ has the following core outputs with key services and activities that support the delivery of these objectives.

1. Property rights
2. Administering the overseas investment regime
3. Administering the Ocean Survey 20/20 Programme
4. Managing Crown land
5. Policy advice and other services.

These are included in our outcome framework in Figure 1 on page 10. In the short-term we anticipate delivering these at similar volumes and to similar standards as currently outlined in the Performance Information for Appropriations for Vote Lands. We expect to retain these as core outputs over the next four years with the focus shifting to maximising the contribution these functions make to the development of the location system. This may involve changing the way we have traditionally delivered our core products and services.

2.4 New activity that will be funded from within current baselines

In delivering our strategic objectives, we intend to undertake new activities that will be funded within baseline. These are discussed briefly below with FTE implications outlined in Annex 5.1.3 and funding implications in Annex 5.2.1.

Third party baseline funded:

1. Advanced Survey and Title Services (ASaTS)

The survey and title system LINZ administers (Landonline) forms the basis of New Zealand's property rights market (the residential component of which alone is valued at \$672 billion⁹). These systems are critical to the on-going functioning of the economy. The Landonline application was introduced in 2002 and required the digitisation of land records, and a shift from a paper based system to full electronic lodgement of property transactions. It is now well established and has resulted in significant time and cost savings for customers and a reduction in administration costs. A second generation of investment is now required because the current technology platform supporting Landonline is becoming outdated and is increasingly constraining LINZ's ability to meet customer needs. It is needed to ensure

⁹ Reserve Bank of New Zealand (2013). Retrieved from <http://www.rbnz.govt.nz>. This value includes all private sector residential dwellings, flats and apartments, 'lifestyle blocks' with dwellings, detached houses converted to flats and 'home and income' properties. Farms and publicly-owned dwellings are not included.

system interoperability, and provide a more reliable and complete picture of all New Zealand land. The lead time required to complete business cases, go to market, and design and implement the preferred business solution is approximately six years.

ASaTS will contribute to “Better Property Services” by enabling better integration of Central and Local Government property (including building) ownership, consenting and information services through the integrated provision of government-mandated location property information and services. ASaTS will be one of the first building blocks of providing a seamless customer experience, based on integrated, up-to-date, digital and location-based information. This is consistent with, and will contribute to, the achievement of the Better Public Services Results 9 and 10, the Government ICT Strategy and Action Plan to 2017 and the achievement of the Government’s goals for housing affordability and resource management. In all of these areas we are looking to provide cheaper, more consistent, customer focused and easy to access services and information that New Zealanders need.

[7]

2. Crown Land Centre of Expertise

The Crown Land Centre of Expertise (CLCoE) is an initiative to improve the acquisition, use, management and disposal of Crown owned and used land. Through CLCoE, we provide government agencies and others with advice and assistance in relation to Crown land. This provides a centralised pool of expertise to ensure best practice and efficiency of management and disposal of Crown land.

LINZ will assist agencies for which management of Crown land may not be a core function.

[7]

3. LINZ’s contribution to implementing the Government ICT Strategy and Action Plan to 2017

The changes proposed by LINZ in response to the Strategy are grouped by five focus areas, detailed below, along with what we expect to achieve with intended outcomes of each focus area.

- a. Services are digital by default
 - i. improve Landonline interoperability
 - ii. advance a number of customer authentication solutions and utilise RealMe
 - iii. improve customer online access to land records
- b. Information is managed as an asset
 - i. enhance and share LINZ Data Service
 - ii. lead the Government ICT Strategy and Action Plan to 2017 – Action 13.1
 - iii. develop a sustainable funding model for publishing data for reuse

- c. Investment and capability are shared
 - i. have greater GCIO engagement including in the ICT Strategy and Investment Plan
 - ii. promote the National Property and Land Information System as an all-of-government solution
 - iii. migrate to all-of-government Infrastructure as a Service
 - iv. share LINZ desktop capability with the Ministry for the Environment
- d. Leadership and culture deliver change
 - i. share resources with other agencies
 - ii. plan to retain key intellectual property and capability
- e. Systems assurance
 - i. involve and help shape the GCIO assurance function
 - ii. develop a monitoring and management capability.

These changes are detailed in Annex 5.6 of this plan. This will be funded from a combination of Crown (\$0.612m over the period 2015/16 – 2017/18) and third party (\$1.188m over the period 2015/16 – 2017/18).

Crown baseline funded:

4. Minimal additional location information work

Currently LINZ has formal stewardship for five of New Zealand's 10 fundamental data themes. A Steward will be appointed for each theme and LINZ will take responsibility as the overall Steward to ensure coordination of effort and that efficiencies are realised. The activities this would include:

- Stakeholder and customer engagement as Steward
- Market Intelligence (value chain analysis of each dataset and data theme)
- Storage and distribution of datasets, advice and support to Custodians
- Standards development and sharing with Custodians
- Capture process; support and advice to Custodians to ensure the data is able to be re-used
- User cases (by theme, by datasets, by combining datasets)
- Analysis and processing capability
- User focused data products
- Innovation opportunities to combined datasets
- Geo-IT support to Custodians

[7]

[7]

5. Treaty costs

LINZ continues to support of the Treaty of Waitangi settlements process. This work was expected to end in 2013/14, but it is now expected to continue for some years because the term of the work that LINZ undertakes is over a longer time frame than the formal settlement work. [111]

6. LINZ's contribution to the Government ICT Strategy and Action Plan to 2017 implementation

As explained in point 3 above, this will be funded from a combination of Crown (\$0.612m over the period 2015/16 – 2017/18) and third party (\$1.188m over the period 2015/16 – 2017/18).

Funded from other departments' baseline:

7. IT support to the Ministry for the Environment

LINZ is currently supporting the Ministry for the Environment (MfE) as they determine the optimal configuration and support requirements for their IT systems. Given the size of MfE and its IT requirements, it is possible that we will offer to provide them with their IT support. From a Better Public Services perspective, there are potential synergies and benefits for both agencies. Funding to pay for any support for these services would come from MfE.

8. Open Data secretariat

The Open Data secretariat will help deliver the 2013-15 Open Government Data and Information work programme.

9. [7]

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2.5 Significant changes that will generate savings

LINZ has undertaken new activities within baselines in recent years and these additional services that LINZ has provided are estimated at \$4.4m. Examples of these are:

- Sector leadership for all-of-government development of a spatial data infrastructure and other data related activities costing \$2m per annum through funding of the New Zealand Geospatial Office within LINZ
- Establishing and funding the Crown Land Centre of Expertise to facilitate the efficient management and disposal of other Crown agencies' surplus land and properties
- Imagery stewardship role – during 2012/13 LINZ worked with local government, central government and the private sector to coordinate new imagery acquisition projects and promote full open access to nationally significant imagery data at an approximate cost of \$0.5m
- Development of the LINZ Data Service
- Establishing the open data secretariat to drive the Government's Open Data Strategy at an approximate cost of \$0.2m per annum.

We have made significant savings with past years' efficiencies estimated at \$7.6m. These are discussed below.

- Reducing operating costs of the survey and title system by 36 per cent since 2003/04 due to moving to a mandatory electronic system (Landonline)
- An efficiency dividend of \$3.6m was made to the Crown in 2008/09
- [11]

- Continuing to cut costs initially proposed in the December 2011 Four-year Plan - reduction in geodetic network maintenance, changing the Oceans Survey 20/20 Programme, expenditure reduction in biosecurity, pastoral and property management and slowing the tenure review programme
- Outsourcing the majority of ICT services in 2010/11 to reduce costs and increase the ability of ICT to support strategic business objectives - we exceeded projected cost reductions for centrally managed ICT costs – the majority of our ICT costs – and remain on track to achieve 11 savings for the duration of the initial contract through to 2015/16 when we expect to come under cost pressure
- [7]

While LINZ is not currently expecting to make significant individual changes to generate savings, we will continue to reprioritise to support our new activities and help advance our strategic direction. We intend to reprioritise the following Crown funding over the next four years:

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These are outlined in Annex 5.2.1.

2.6 Significant other changes that have no baseline changes including activity in partnership with other agencies

None.

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Section 3: Risks to implementation

3.1 Risks

LINZ uses formal risk practices, based on ISO 31000:2009 - Risk Management, Principles and Guidelines - to manage the key opportunities and challenges in our strategic and operating environment. The application of this framework supports high quality, consistent risk intelligent practices for LINZ.

LINZ has identified three strategic risks for the period covered by this plan. LINZ may be unable to:

- maintain the delivery of high quality enduring/current services and implement strategies/services to achieve the 10-year view
- deliver and demonstrate the value we can add to New Zealand
- lead/deliver the creation of a New Zealand-wide, seamless location system.

Significant operational risks to the successful implementation of this Four-year Plan include LINZ's ability to:

- effectively influence/persuade key stakeholders to work in partnership with us, especially in the key area of location information
- align business strategy with the operating model
- recruit, develop and retain the right people in the right roles – particularly system leadership/influencing roles and core technical skills at a high level
- have sufficient capacity available at the right time to deliver to high standards on both our core outputs and our strategic work programmes
- prioritise, reprioritise and adapt to changing circumstances, within a tight fiscal environment and in the context of having already made significant efficiencies in preceding years
- absorb the high financial impacts of our involvement in ICT all-of-government services, due to the size of our agency and a large fixed asset base.

These risks are discussed in further detail in Annex 5.7.

3.2 Organisational resiliency

While the risks and pressures we face are significant, overall LINZ is an agile and resilient agency that can be expected to respond to some eventualities and keep on track; however, we recognise the need to continue to strengthen some areas.

The high level of staff engagement and morale, combined with increasing staff confidence in LINZ's leadership (both evidenced through Gallup surveys) provide a good foundation, reflected in the commitment of our staff who continued to deliver their work programmes following both the Christchurch earthquakes and the more recent Wellington earthquakes. We face on-going recruitment and retention challenges in some areas, and capacity will be an issue when scarce skills are required for both business as usual and strategic project work. In the event of an unexpected shock this may place further pressure on our resources, requiring the slow down of activities as we seek to maintain the delivery of key statutory functions.

Our ICT systems and practices are robust, and we have identified well ahead of time the need to ensure our key survey and titles system is future-proofed. Work recently completed to enable our staff to work remotely has significantly improved our ability to weather potential disaster related shocks. As noted in the PIF review, our reputation is strong, but the Review found that we do need to enhance our credibility and effectiveness as system leaders for location information. [7]

More detailed assessment of LINZ's resilience is provided in Annex 5.7.

Section 4: Organisational capability and workforce

4.1 Introduction

LINZ's strategic direction expands our boundaries beyond the traditional ways we manage transactions, information and land, into taking the leadership role in the location system. One of our strengths is that we are able to operate in a fast-paced technology environment, and we have opportunities to be resourceful and innovative in our approaches. However we continue to face challenges in sourcing and sustaining scarce technical resources, as well as an aging workforce.

Appendix One contains the detail of our workforce such as headcount, age profile, tenure and turnover.

4.2 Organisational capability

The PIF review identified that to adopt a more outward looking business model would require the adoption and development of a new skill set that could position LINZ as an influencer and enabler to comfortably engage with stakeholders and partners. To achieve this, the following capabilities are critical:

- **Strategic thinking:** As an organisation, LINZ needs to ensure that we take a long term view of the contribution we can make for New Zealand. Whilst the 10-year view provides this lens, we need to ensure that our everyday decisions and shorter term planning are aligned with this longer term perspective. Furthermore, our focus on doubling the value created through location information will necessitate taking a broad view of the stakeholders and partners who will play a role in this journey. This spans beyond central and local government to the private sector and internationally. Above all, we need to ensure that New Zealand's location assets are led more strategically, as a system with users at its centre.
- **Entrepreneurial ability:** The seemingly unlimited uses and benefits of location information can generate significant opportunities. As an organisation, LINZ needs to demonstrate a level of entrepreneurial ability, i.e. the ability to scan the environment for opportunities that will create the highest value and act quickly to evaluate and capitalise on these opportunities. Central to this is the ability to prioritise the 'products' and 'markets' that will make the biggest contribution to achieving our vision.
- **Storytelling:** LINZ will not be able to achieve our objectives without engaging and collaborating with a broad set of stakeholders. Our ability to tell our story in a way that gets our partners excited about the potential value of location information for their organisations and for New Zealand will be critical to this engagement. At the heart of this capability is the ability to translate our successes into powerful vignettes which talk to the strategic needs of our partners and stakeholders.
- **Relationship building:** LINZ will need to collaborate with other organisations in the central government, local government and private sectors to achieve our objectives. Such a diverse set of stakeholders will necessitate effective stakeholder management capabilities and the skill to manage relationships at different levels. Additionally a key priority area is the enhancement of our customer capabilities, i.e. the skills to

better understand the needs of our customers and to create a clear line of sight for all staff.

Important business and functional capabilities for LINZ include:

- Understanding the impact of technology on the way we deliver products and services and be agile in evaluating and incorporating technological changes into the way we do things
- Writing business cases and financial modeling
- Business planning and programme management capability
- Engagement with Māori and iwi.

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4.4 Change leadership

Our ability to manage change effectively and robustly will be critical to the success of our 10-year plan. To address this, we are reviewing and upgrading our change management processes, toolkits and templates so that we can work proactively with our leaders to manage the people elements of change.

The early engagement of staff in the vision has been recognised as critical to the successful implementation of the 10-year plan. 'Our future' sessions have been rolled out across all three sites giving all of our staff the opportunity to hear about the vision and key principles for the future. Briefings are planned as the 10-year view implementation continues and are seen as a critical change management component.

For our senior leaders, the focus will be on working with ambiguity, collaboration, systems thinking, articulating a vision and storytelling. For our front line team leaders the focus will be on effective two-way communication and supporting teams through the emotional cycle of change. It is this latter group who have the most significant impact on engagement and we need to ensure they continue to be supported to guide their teams through change.

As we become more outward looking, LINZ will need to enhance the organisational ability to lead within the natural resources sector, across government, with Māori and iwi, customers and stakeholders. This capability must be reflected in our policies, processes, systems and culture.

4.5 Culture

One of LINZ's core strengths is our highly engaged culture. Culture development work in recent years has been driven around actively transitioning from being a 'quiet achiever' to becoming a 'confident achiever'. This focus will need to continue over the next four years, with a particular emphasis on developing an outward focused culture, i.e. becoming a confident leader of New Zealand's Geospatial Strategy and LINZ's Business with Māori Strategy – He Whāriki Maurua, ensuring LINZ develops the right behaviours and values to deliver on our strategic commitments.

Our existing culture change strategies are working well. They include initiatives such as increased collaboration internally and externally, a stronger personal responsibility and improvement focus, with supporting reward and recognition systems and a strong emphasis on people being encouraged to challenge, innovate, think laterally and take risks.

As our 10-year view work continues, we will look to refine and implement the culture and values which will support the organisational changes.

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Section 5: Financial summary

5.1 Overview

LINZ's financial situation reflects factors from previous years, especially past efficiencies and savings, and where we find ourselves currently in our strategic direction and our delivery. We are operating an efficient delivery model and prudent financial management, and have realised efficiencies across the business and undertaken new activities within baseline.

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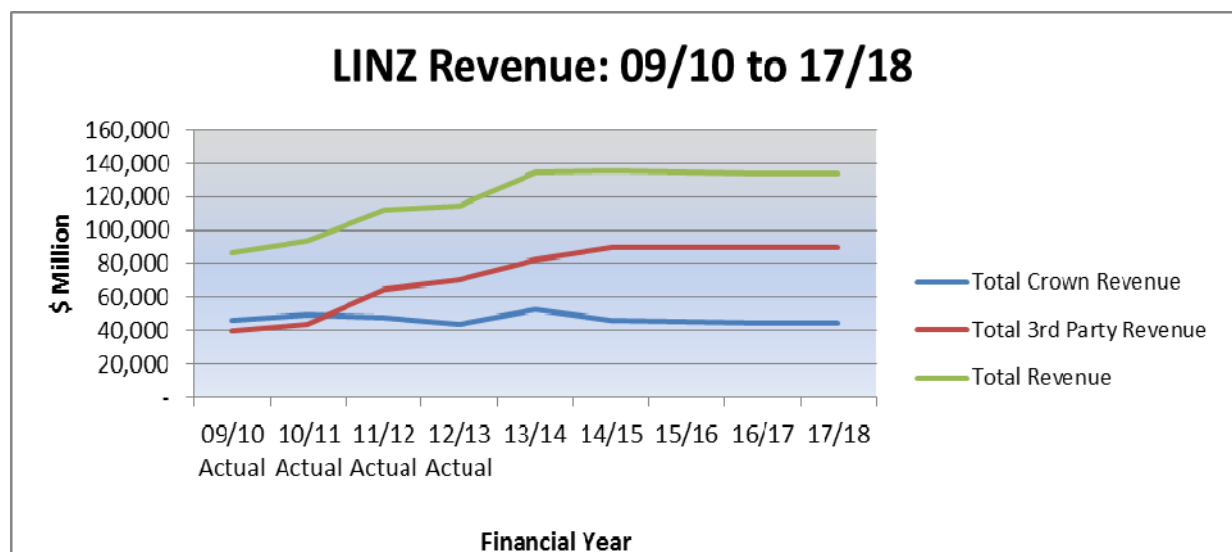
There are 5 major themes to our financial position. These are:

1. The funding model under which we operate and consequent constraints including the volatility of third party revenue
2. Cost savings and efficiencies made in recent years and implications for any further savings
3. Capital constraints, including new capital and the effect of changes to accounting standards
4. Inflationary pressures and our ability to absorb these given the cost savings in recent years
5. The need to prioritise any new initiatives arising from our 10-year view and consider alternative funding options.

These are discussed below, with detailed financials contained in Annex 5.2.

5.2 Operating model – third party revenue and Crown funding

LINZ is funded through both Crown and third party revenue and has a total appropriation of \$135.599m for 2013/14. The graph below shows the actual revenue and forecast revenue split by type of revenue to 2017/18.



Movements in total third party revenue in the graph reflect market demand for services and therefore highlight the volatility of third party revenue. For instance, the lower level of revenue in 2009/10 reflects the slowdown in demand for survey and title services due to the global financial crisis, and the expected increase between 2013/14 and 2014/15 is due to the increased demand that will be experienced by the Crown Land Centre of Expertise.

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Under government funding and charging guidelines, we cannot use a short or medium term over-recovery of costs from third parties for one activity to fund other activities (whether they are funded by other third parties or by the Crown).

5.3 Past cost savings and efficiencies

LINZ has absorbed cost pressures and passed savings back to the Crown for some years now. The cost savings and past efficiencies we have made are in Appendix 2. We have continued to deliver on our outputs with a lean operating model without material impacts on service levels or quality. We have continually sought to fund cost pressures and new work through efficiencies to ensure that we met our reducing baseline. LINZ has limited opportunities to find further efficiencies or to reprioritise further. Further cost savings may impact on service levels.

5.4 Capital constraints

Departments are expected to manage their non-current assets responsibly, with Ministers directing departments in 2012 to ensure that sufficient depreciation reserves are retained to replace existing assets when required. LINZ's significant non-Landonline assets are not expected to be replaced for 5-7 years. This plan assumes that depreciation reserves will be needed for replacement of existing assets.

The development of a 10-year capital plan indicates that LINZ has sufficient capital funding to replace existing assets. However, a number of systems used within LINZ were identified that were not originally capitalised when they were developed. These will require replacing in the near future and will be now be classified as assets. [7]

Due to a recent change in accounting treatment, expenditure on some new types of data is now considered capital expenditure. An example of this is that LINZ is currently collecting a new gravity data set (vertical datum). Previously data costs were classified as operating expenditure. At this stage it is not clear how significant the investment will be in new data. However LINZ's capital base was not established with this type of expenditure in mind. It is unlikely that LINZ would be able to meet this need from existing depreciation reserves.

A detailed business case is being developed for the replacement of Landonline (ASaTS). LINZ's survey and title technology platform. [7]

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Operating – Departmental (Crown and Third party)

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	135.599	134.937	134.897	134.098	134.098
Add any indicative allocation advised of					
Equals Total funding level for planning	135.599	134.937	134.897	134.098	134.098
Financial movements					
Add cost of new activity to be funded from current baselines	1.773	5.205	11.120	12.457	11.859
Add total cost pressures	0.000	2.476	4.659	6.803	8.609
Subtract significant changes that will generate savings	(1.773)	(7.681)	(15.779)	(19.260)	(20.468)
Add or Subtract vote transfers					
Subtract any indicative allocation advised of					
Equals Total funding level for planning	135.599	134.937	134.897	134.098	134.098

Operating – Departmental (Crown)

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	52.787 ¹¹	45.366	45.326	44.526	44.526
Add any indicative allocation advised of					
Equals Total funding level for planning	52.787	45.366	45.326	44.526	44.526
Financial movements					
Add cost of new activity to be funded from current baselines	0.000	2.205	2.626	3.071	2.845
Add total cost pressures	0.000	0.746	1.455	2.308	3.132
Subtract significant changes that will generate savings		(2.951)	(4.081)	(5.379)	(5.977)
Add or Subtract vote transfers					
Subtract any indicative allocation advised of (as above)					
Equals Total funding level for planning	52.787	45.366	45.326	44.526	44.526

¹¹ This includes approx. \$4m expense transfers from 2012/13.

Operating – Departmental (Third party)

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	82.812	89.571 ¹²	89.571	89.572	89.572
Add any indicative allocation advised of					
Equals Total funding level for planning	82.812	89.571	89.571	89.572	89.572
Financial movements					
Add cost of new activity to be funded from current baselines	1.773	3.000	8.494	9.386	9.014
Add total cost pressures	0.000	1.730	3.204	4.495	5.477
Subtract significant changes that will generate savings	(1.773)	(4.730)	(11.698)	(13.881)	(14.491)
Add or Subtract vote transfers					
Subtract any indicative allocation advised of					
Equals Total funding level for planning	82.812	89.571	89.571	89.572	89.572

Operating – Non Departmental

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	104.320	104.538	104.538	104.538	104.538
Add any indicative allocation advised of	0.000	0.000	0.000	0.000	0.000
Equals total funding level for planning	104.320	104.538	104.538	104.538	104.538
Financial Movements					
Add cost of new activity to be funded from current baselines	0.000	0.000	0.000	0.000	0.000
Add total cost pressures	0.000	0.000	0.000	0.000	0.000
Subtract significant changes that will generate savings	0.000	0.000	0.000	0.000	0.000
Add or Subtract vote transfers	0.000	0.000	0.000	0.000	0.000
Subtract any indicative allocation advised of	0.000	0.000	0.000	0.000	0.000

¹² This reflects the effect of Crown Land Centre of Expertise ramp up and some increase in the volume of survey and title services.

	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Equals Total Funding level for Planning	104.320	104.538	104.538	104.538	104.538

Capital – Departmental

	Increase (Decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Operating balance funding available	4.388	2.447	3.249	4.020	3.721
Add depreciation funding received	1.791	1.904	2.283	2.470	2.788
Add receipts from sale of assets	0	0	0	0	0
Add other (Capital Injection for Canterbury SDI)	0.550	0.969	0.357	0	0
Equals total baseline funding available	6.729	5.320	5.888	6.491	6.509
Subtract capital investments funded from baselines	4.282	2.071	1.868	2.770	1.250
Equals closing baseline funding available	2.447	3.249	4.020	3.721	5.259

Capital – Non Departmental

	Increase (Decrease)				
	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Baseline funding available for the purchase or development of Crown capital assets	301.483 ¹³	96.794	96.794	96.794	96.794
Add capital investments in organisations other than departments	0	0	0	0	0
Equals total	301.483	96.794	96.794	96.794	96.794

¹³ This is the final year of the multi-year appropriation.

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Annex 5.2 Supporting financial information

5.2.1 New activity that will be funded within current baselines

Departmental – Operating (Crown and Third party)

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Advanced Survey and Title Services	1.773	2.000	5.834	7.122	6.750
Crown Land Centre of Expertise	0	1.000	2.000	2.000	2.000
ICT Strategy (Third Party)	0	0.000	0.660	0.264	0.264
Significant location system improvement	0	0	0	0	0
Total Third-party	1.773	3.000	8.494	9.386	9.014
Minimal additional location information work	0	1.000	1.000	1.000	1.000
Treaty costs	0	1.205	1.286	1.935	1.709
ICT Strategy (Crown)			0.340	0.136	0.136
Total Crown	0	2.205	2.626	3.071	2.845
Total	1.773	5.205	11.120	12.457	11.859

For detail of new activity, its intended outcomes and associated FTE implications see section 2.4.

Non Departmental – Operating

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

Departmental – Capital

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Advanced Survey and Title Services	0.000	0.000	5.700	7.100	5.900
Total	0.000	0.000	5.700	7.100	5.900

Non Departmental – Capital

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

5.2.2 Cost pressures

[7]

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m

[7]

Non Departmental

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From Increased Service Demand					
From Direct Employment Costs					
From Capital Planning					
From Other					
Total					

5.2.2.1 Cost pressures arising from increased service demand

Cost Pressures arising from increased demand on service delivery and short description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Increased demand on Survey and Title operations. Increased personnel cost	0.000	0.500	0.750	0.750	0.750
Total	0.000	0.500	0.750	0.750	0.750

Increased Service Demand

[11]

Cost Pressures arising from Direct Employment Costs	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
	%	%	%	%	%

[11]

5.2.2.3 Operational cost pressures arising from capital planning

Cost Pressures arising from Capital Planning	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Increasing depreciation cost due to increasing non-Landonline asset base	0	0.112	0.191	0.379	0.696
Increasing depreciation cost due to Advanced Survey and Title Services	0	0	0	0	0
Total	0	0.112	0.191	0.379	0.696

Capital Planning

The Four-year Plan assumes a small increase in capital expenditure over and above the funding available from existing assets, which results in increased depreciation and capital charge over time. We expect that increased depreciation on any changes to the survey and titles system will impact outside of this Four-year Plan period.

5.2.2.4 Other cost pressures

Cost Pressures arising from Other	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Contract renewal pressures	0.000	0.520	0.851	1.488	1.626
Inflation on core supplies	0.000	0.068	0.136	0.207	0.278
Total	0.000	0.588	0.988	1.695	1.904

Other Inflation

We have used the Treasury guidance for inflation levels over the next four years (1.9-2.4 per cent). We estimate this cost to be \$1m over the next four years. LINZ has previously absorbed all inflationary impacts through efficiencies and cost reductions. Inflationary pressures have been estimated by reviewing the existing spending with our top 16 suppliers that accounts for 70 per cent of our expenditure. Over the next four years this may become more difficult given the efficiencies we have already made.

Contracts

Forty two per cent of our total costs arise from contracts for outsourced services such as hydrographic surveys, tenure review and biosecurity work. These costs will continue to come under ongoing pressure from suppliers attempting to pass on inflation and input cost growth. We are developing strategic procurement capability to ensure that LINZ achieves best practice procurement, end to end. Strategic procurement capability will enable LINZ to integrate business requirements with long-term contract planning, robust contract management, which delivers quality outcomes for LINZ.

[7]

5.2.3 Changes that will generate savings

Departmental

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Reprioritisation from Crown Property	0	1.205	1.286	1.935	1.709
Reprioritisation from previous efficiency gains	0	1.746	2.795	3.444	4.268
Absorbed within current third party revenue forecast	1.773	4.730	11.698	13.881	14.491
Total	1.773	7.681	15.779	19.260	20.468

Non Departmental

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

[7]

Annex 5.2a Supporting financial information (Crown)

5.2.1 New activity that will be funded within current baselines

Departmental – Operating (Crown)

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Minimal additional location information work	0	1.000	1.000	1.000	1.000
Treaty	0	1.205	1.286	1.935	1.709
ICT Strategy (Crown)	0	0	0.340	0.136	0.136
Total	0	2.205	2.626	3.071	2.845

Non Departmental - Operating

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

Departmental - Capital

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
	0.000	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000	0.000

Non Departmental - Capital

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

5.2.2 Cost pressures

Departmental (Crown)

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From Increased Service Demand	0.000	0.000	0.000	0.000	0.000

[11]

From Capital Planning	0.000	0.112	0.191	0.379	0.696
From Other	0.000	0.200	0.336	0.576	0.647

[11]

Non Departmental

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From Increased Service Demand					
From Direct Employment Costs					
From Capital Planning					
From Other					
Total					

5.2.2.1 Cost pressures arising from increased service demand

Cost Pressures arising from increased demand on service delivery	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

[11]

5.2.3 Changes that will generate savings

Departmental (Crown)

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Reprioritisation from Crown Property		1.205	1.286	1.935	1.709
Reprioritisation from previous efficiency gains		1.746	2.795	3.444	4.268
Total		2.951	4.081	5.379	5.977

Non Departmental

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

5.2.4 Vote transfers

LINZ is not expecting any Vote transfers over the next four years.

Annex 5.2b Supporting financial information (third-party)

5.2.1 New activity that will be funded within current baselines

Departmental – Operating (third-party)

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Advanced Survey and Title Services	1.773	2.000	5.834	7.122	6.750
Crown Land Centre of Expertise	0	1.000	2.000	2.000	2.000
ICT Strategy (Third Party)			0.660	0.264	0.264
Total	1.773	3.000	8.494	9.386	9.014

Non Departmental - Operating

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

Departmental – Capital (third-party)

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Advanced Survey and Title Services	0.000	0.000	5.700	7.100	5.900
Total	0.000	0.000	5.700	7.100	5.900

Non Departmental - Capital

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

5.2.2 Cost pressures

Departmental (third-party)

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From Increased Service Demand	0.000	0.500	0.750	0.750	0.750

[11]

From Capital Planning	0.000	0.000	0.000	0.000	0.000
From Other	0.000	0.388	0.652	1.119	1.256

[11]

Non Departmental

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
From Increased Service Demand					
From Direct Employment Costs					
From Capital Planning					
From Other					
Total					

5.2.2.1 Cost pressures arising from increased service demand (third-party)

Cost Pressures arising from increased demand on service delivery and short description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Increased demand on Survey and Title operations. Increased personnel cost	0.000	0.500	0.750	0.750	0.750
Total	0.000	0.500	0.750	0.750	0.750

5.2.2.3 Operational cost pressures arising from capital planning

Cost Pressures arising from Capital Planning	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Increasing depreciation cost due to Advanced Survey and Title Services	0	0	0	0	0
Total	0	0	0	0	0

5.2.2.4 Other cost pressures (third-party)

Cost Pressures arising from Other	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Contract renewal pressures	0.000	0.343	0.562	0.982	1.073
Inflation on core supplies	0.000	0.045	0.090	0.137	0.183
Total	0.000	0.388	0.652	1.119	1.256

5.2.3 Changes that will generate savings

Departmental (third-party)

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Absorbed within current third party revenue forecast	1.773	4.730	11.698	13.881	14.491
Total	1.773	4.730	11.698	13.881	14.491

Non Departmental

Intention Name and Brief Description	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

5.2.4 Vote transfers

LINZ is not expecting any Vote transfers over the next four years.

'From' or 'to' and name of agency on other side of transfer	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Total					

Annex 5.3 Budget initiatives

LINZ does not expect to make any capital funding bids in Budget 2014.

Annex 5.4 Anticipated out-year funding requests

[7]

Annex 5.5 Capital intentions

5.5.1 Current state

Other than Landonline, LINZ has only a small number of high value assets (primarily NaPALIS, building fit-outs, and the FMIS). LINZ is the Custodian of a number of important location datasets. [7]

5.5.2 Trends

[7]

5.5.3 Potential for private sector investment

LINZ is currently investigating options for funding investments from third party sources¹⁴.

5.5.4 Existing balance sheet

LINZ assets are comprised of the Landonline system, building fit-outs and a relatively large number of small software assets. There is currently \$4.8m of accumulated depreciation. Over the next four years, LINZ's working capital will increase significantly due to expected surpluses from survey & title operations. This will be used to strengthen the LINZ balance sheet and provide a buffer from financial shocks and to provide funding for the Advanced Survey and Title Services build.

The Landonline system is an aging platform which if not renewed may no longer meet user needs. [7]

LINZ is actively managing our balance sheet in order to prioritise capital to its highest value use. This includes: actively tracking depreciation funding against a 10-year asset renewal path to ensure we have funding available to renew all existing assets at the end of their life;

¹⁴ Until further work is done on possible funding sources, it is not clear how this may be funded or even who will own such assets as datasets.

documenting all the LINZ software systems with a view to rationalising and phasing out where possible; moving several assets off the balance sheet and renting these as a service from various providers e.g. Koordinates (LINZ Data Service) and Datacom (OPA, our virtual desktop environment). Despite these efforts, existing core assets and a small allowance for new assets will consume all the working capital of the agency for the foreseeable future.

Significant pressure on the balance sheet is coming from the requirement for expanding existing systems, developing new systems and the creation of new datasets. As technology moves forward, LINZ must meet user demands for increased availability and accuracy of location information. This information requires new platforms and storage assets in order to be available to users.

[7]

The use of location based information is expected to become more widespread in the future. LINZ is currently developing and defining the role that we will play in this area. It is not yet clear how this will be funded. It is likely to present a key challenge to LINZ and will be one of the major decisions that will need to be addressed in the 4-year and 10-year horizons.

5.5.6 Strategy for managing capital

See 5.5.1

5.5.7 Other relevant information

None.

Annex 5.6 Alignment with the Government ICT Strategy and Action Plan to 2017

5.6.1 Introduction

LINZ endorses the Government ICT Strategy and Action Plan to 2017 and in many ways is well aligned to the outcomes of the strategy. We reviewed the strategy and provided written feedback during the consultation period. One of our staff was a member of the taskforce that developed the Strategy. Our approach was to assess our current alignment to the strategy and identify gaps to be addressed. This assessment has been incorporated as a part of our Information Systems Strategic Plan (ISSP).

Below we outline changes proposed by LINZ in response to the Government ICT Strategy and Action Plan to 2017. The changes are grouped by focus areas, listed below.

- Services are digital by default
- Information is managed as an asset
- Investment and capability are shared
- Leadership and culture deliver change
- Systems assurance.

5.6.2 Services are digital by default

Improve Landonline interoperability

Landonline, the survey and title management system operated by LINZ, is noted in the Government ICT Strategy and Action Plan to 2017 as a leader in terms of digitally delivered services. This system is used directly by surveyors and conveyancers to complete transactions online. Landonline will require enhancement to meet customer expectations, new expectations of greater government system interoperability and customer centric services. Two related initiatives are underway to look at customer centric better property services and to refresh Landonline to provide increased interoperability capability with both customer systems and across government agency systems.

Develop business case for customer authentication capability and use RealMe when required

LINZ currently has a number of existing customer authentication solutions and potential demand for new solutions as more services move to be delivered online. LINZ will develop a business case to adopt a reusable customer authentication capability. As per all-of-government expectations this service will be developed to utilise RealMe.

For existing in-place solutions, including the complex online transactions handled by Landonline (which require highly secure non-repudiation), LINZ recognises that in order to provide more integrated services, it is appropriate to consider the use of a common government wide authentication solution. LINZ will, where possible, adopt the mandatory RealMe service when scheduled replacements are undertaken.

Improve customer online access to land records

Currently the public can request land records from the LINZ website. These requests are processed manually by a small team of LINZ staff with a two day turn around time. We will develop two new services to improve public access to our services via the digital channel.

1. Web-based Landonline Search: This service will allow the general public and existing/former Landonline users to identify records and then obtain a search copy of that record automatically and almost instantly.
2. Business Product Request service (B2B): This is a web service interface that will allow third party search providers to provide search copies of records to their non-Landonline customers automatically in near real time.

5.6.3 Information is managed as an asset

Enhance and share the LINZ Data Service

LINZ hosts the all-of-government Programme Secretariat which leads Action 13 “Open by default – active re-use of information assets” and chairs the governance group. The LINZ Data Service (LDS) is referred to in the Government ICT Strategy and Action Plan to 2017 Action 13 as an existing data publishing service that will be leveraged to enhance accessibility to more sources of government open data. LDS is an award winning service publishing high value government data for reuse. Today this service opens up self service digital access to LINZ data. It was developed as an innovation initiative and its use is growing and dependence on it increasing. The disaster recovery capability and service level agreements will be enhanced to reflect this. LINZ will continue to grow and enhance this service with a view to sharing it with other agencies and will pilot the use of this service with other agencies.

Lead the Government ICT Strategy and Action Plan to 2017 – Action 13.1

Action 13.1 enhances the accessibility of public data through providing access to more sources and leveraging existing services such as data.govt.nz, Land Information New Zealand’s Data Service and Statistics New Zealand’s DataHub. LINZ will lead this action in close collaboration with partners Statistics NZ and Department of Internal Affairs. This initiative is scheduled to be initiated in the 2014/15 year and will be led by Customer Services within LINZ. Engagement needs will be assessed once the project gets underway.

[7]

[7]

5.6.4 Investment and capability are shared

Greater GCIO engagement including ICT strategy and investment plans

The Government ICT Strategy and Action Plan - Action 18.3 - calls for greater central guidance and prioritisation of agency ICT strategy and investment plans. We believe there will be increased reporting requirements and planning work because of action item 18.3 which requires agencies to create four-year ICT strategies and investment plans and Action 19.3 requiring that agencies and sectors/clusters provide the GCIO with future state architectures aligned with the framework to ensure interoperability.

LINZ has taken an all-of-government approach to ICT planning and has actively adopted all-of-government services and directions. We do not own any ICT infrastructure assets and are currently utilising a number of all-of-government offerings. LINZ will undertake to realign our ICT strategy and investment plans to meet the greater visibility needs of the GCIO. This may lead to some small changes in LINZ ICT direction but overall we expect to be well aligned.

We recognise that increased engagement and cross sector / government planning will be required. This will cover a broad range of topics including security, privacy, and investment. LINZ will plan for changes in resourcing and priorities required to meet increased GCIO engagement requirements.

Promote National Property and Land Information System (NaPALIS) as an all-of-government service

NaPALIS is a software tool that will become the base database and system for all government-administered land in New Zealand. It was developed jointly by LINZ and the Department of Conservation (DOC) to replace each agency's existing aging land management systems. The new system will provide a single, comprehensive source of accurate, high quality, land management information that can be readily accessed to meet reporting needs, including financial reporting. LINZ will work with DOC to enhance NaPALIS to produce a robust service and actively promote its reuse.

Migrate to all-of-government Infrastructure as a Service (IaaS)

LINZ does not own any ICT infrastructure. [7]

Share LINZ desktop capability

We have recently completed the transition from an in-house owned and managed desktop environment to a fully managed "desktop as a service" environment on virtual desktops. LINZ liaised closely with DIA and the GCIO throughout the development and transition, and contributed the high level design and lessons learned to the DIA Data as a Service initiative. LINZ has offered to assist the Ministry for the Environment (MfE) in their transition away from aging desktop hardware by extending out the LINZ virtual desktop service to include MfE staff. Our approach is to share an existing LINZ capability and expertise with another agency

in the natural resources sector. We want to actively demonstrate the model of working together. There is no intention to create an all-of-government capacity to expand this sharing any wider. This has been communicated to the GCIO and endorsed by them. It should be noted that the LINZ virtual desktop environment was used as a prototype for the all-of-government service being established, as was the LINZ variant of IaaS. They are not competing offerings, rather LINZ has simply established environments ahead of the all-of-government services and been assisting develop those services on the way.

5.6.5 Leadership and culture deliver change

Share resources with other agencies

The Government ICT Strategy and Action Plan to 2017 calls for greater collaboration across agency boundaries, looking for opportunities for collaboration and creating economies of scale. LINZ has identified an opportunity with MfE to collaborate and to share expertise and resources. LINZ will actively seek to share recent expertise in the transition to virtual desktops and migration off Windows XP. LINZ will share resources and expertise gained from our journey to implement an outsourced ICT operating model. Furthermore, LINZ and MfE will investigate the potential for integrating IT service delivery models, beginning with network services and infrastructure hosting. This is expected to be a one-off initiative and no further expansion is planned.

Plan to retain key intellectual property and capability

LINZ has outsourced non-core ICT capability including operations management, service desk and application development. At the same time, we recognised that it is important to maintain the value of our intellectual property regarding core systems in-house. This capability enables on-going enhancement and evolution of systems to meet changing business needs. It also avoids vendor lock in and ensures quality control can be maintained.

Therefore, LINZ has chosen to maintain:

- Internal capability for strategic planning
- Enterprise architecture
- Business analysis
- Project management
- Security
- Service delivery management
- User acceptance testing.

[7]

As we move into a new sector and cluster-based ICT operating model, LINZ will develop practices to ensure it can maintain sufficient access to the critical capabilities it has chosen to resource internally.

5.6.6 Systems assurance

Invoke and help to shape the GCIO assurance function

LINZ operates a number of externally-facing services (e.g. the survey and titles system and the NZ Place Names database). We are developing new and enhanced services including an online web search, Landonline refresh and revamped website. We recognise the importance of maintaining public trust and confidence in its services and are actively engaging with the GCIO and State Services Commission to provide ICT assurance for these and other initiatives. The GCIO assurance framework is currently in the establishment phase, with LINZ actively participating in workshops and other activities to assist the GCIO in forming the ICT Assurance Capability. We are part of the working group that has been assisting with the development of this capability.

Develop a monitoring and management capability

LINZ has been well positioned in recent audits of government publically accessible systems. LINZ is initiating a program of work to improve our security monitoring and management capability.

Annex 5.7 Risks

5.7.1 Strategic and operational risks

LINZ has three strategic risks which cascade into a number of high level operational risks. The table below summarises the three strategic risks and identifies the operational risks that may impact on the achievement of this plan. Assessment of the controlled level of risk has applied the LINZ Risk Management Matrix; a short form version is attached in 5.7.4 for reference.

Strategic Risk 1: LINZ may be unable to effectively maintain the delivery of high quality enduring/current services and implement strategic/services to achieve the 10-year view

Operational description of the risk and impact if the risk eventuated	Level of Risk (assessed on controlled risk)	Treatment/mitigation measures
<p><u>Risk Description:</u></p> <p>Inability to appropriately resource activities at the right time</p> <p><u>Impact:</u></p> <p>LINZ may be unable to continue to deliver the full breadth and new services with the current FTE cap therefore adversely impacting on our ability to unlock further value for New Zealanders.</p> <p>The possible addition of the Māori Land Court work will place further pressure on resources as we plan the proposed implementation and recruit for these roles.</p>	Possible/High = High	<ul style="list-style-type: none"> • Determining and understanding options to address FTE cap concerns • Commence review on current fee structure • Implement the 10-year view • Review LINZ business model that contributes to the achievement of the 10-year view • Implement the LINZ People Strategy • Review capability and capacity of LINZ to do business with Māori – <i>Whakapakari</i>.
<p><u>Risk Description:</u></p> <p>Inability to recruit, develop and retain the right people in the right roles</p> <p><u>Impact:</u></p> <p>LINZ may be unable to deliver on our technical deliverables and strategic goals into the</p>	Possible/High = High	<ul style="list-style-type: none"> • Align current positions with organisational strategy • Modification of business processes, positions or procedures in other areas of the organisation • Unpack and review capability needs.

Operational description of the risk and impact if the risk eventuated	Level of Risk (assessed on controlled risk)	Treatment/mitigation measures
future with an aging workforce and difficult to locate technical skilled workforce in this space. Also competing against the private sector.		
<p><u>Risk Description:</u></p> <p>Inability to effectively prioritise, reprioritise and adapt to changing circumstances</p> <p><u>Impacts:</u></p> <p>Lack of direction for LINZ may mean the programmes of work may be delayed therefore negatively impact on our ability to contribute further value for New Zealanders.</p>	Possible/High = High	<ul style="list-style-type: none"> • Assign responsibility and authority with necessary resources • Manage implementation of programmes with clear objectives, actions, timelines, milestones and responsibilities • Implement clear business planning process.
<p><u>Risk Description:</u></p> <p>Inability to balance the core operational requirements against the delivery needs of key change programmes</p> <p><u>Impacts:</u></p> <p>LINZ strategic objectives may be under-resourced causing uncertainty and business performance degradation.</p>	Unlikely/High = Medium	<ul style="list-style-type: none"> • Share our Four-year Plan with other agencies (e.g. CERA, MBIE) a discussion to understand what may be happening • We have the ability to control the pace based on our capacity • Actively working in the NRS space and with other stakeholders • Programme management and planning.
<p><u>Risk Description:</u></p> <p>LINZ involvement in ICT all-of-government services may result in disproportionately high financial impacts on LINZ due to agency size and our large fixed asset base</p> <p><u>Impacts:</u></p> <p>Annex 5.6 of this plan describes</p>	Likely/ Moderate = High	<ul style="list-style-type: none"> • Working with 'common capability development' so it can be fit for our services e.g. work with Desktop as a service and Infrastructure as a Service

Operational description of the risk and impact if the risk eventuated	Level of Risk (assessed on controlled risk)	Treatment/mitigation measures
<p>the current and planned alignment with the Government ICT Strategy and Action Plan to 2017. There are risks associated with LINZ following that strategic direction because of LINZ's a) the existing high level of automation and b) the front-office nature of many of the ICT services.</p> <p>Much is automated either through major platforms such as the survey and title system, or other smaller but highly specialised mechanisms such as data dissemination via the LINZ Data Service. ICT at LINZ is therefore relatively complex and is more appropriately considered as being an integral part of the front-office services.</p> <p>The cost to move LINZ from our current infrastructure to the formal government service is estimated to cost as much as \$1m and carry an additional \$0.400m per annum in operating cost with little practical change in benefit.</p> <p>The risk identified is that LINZ as an organisation with a small number of employees and high technology base will in effect be subsidizing others through services that are mandated. Similarly the RealMe citizen authentication process will carry an establishment cost and an on-going transactional cost that is a higher than the current bespoke services. Given the level of automated front-office transactions LINZ supports, this may become a disproportionately high cost LINZ is required to absorb and/or pass on to third parties.</p>		

Strategic Risk 2: LINZ may be unable to effectively deliver the value we can add to New Zealand

Operational description of the risk and impact if the risk eventuated	Level of Risk (assessed on controlled risk)	Treatment/mitigation measures
<p><u>Risk Description:</u></p> <p>Inability to adequately influence and persuade key stakeholders to work in partnership to deliver greater value to New Zealand</p> <p><u>Impacts:</u></p> <p>The cumulative impact of a number of situations could disproportionately affect our credibility e.g. resulting in lower levels of investment in projects and therefore hindering our ability to meet government expectations to adapt, respond appropriately to increasingly sophisticated customer needs and deliver on core business.</p> <p>LINZ becomes less influential and does not gain trust, confidence and support of government and stakeholders.</p>	<p>Possible/ Moderate = Medium</p>	<ul style="list-style-type: none"> • Credibility: <ul style="list-style-type: none"> - Progressing Stewardship/Custodian arrangement - Oceans Survey 20/20 - LINZ Data Service - Crown Land Centre of Expertise • Good understanding of our stakeholders • Continuing to implement the Stakeholder Strategy and the Business with Maori Strategy
<p><u>Risk Description:</u></p> <p>Inability to clearly describe our value proposition and the economic value our functions add to New Zealand</p> <p><u>Impacts:</u></p> <p>LINZ stakeholders are not supportive of the strategic direction which creates lower levels of support.</p>	<p>Possible/High = High</p>	<ul style="list-style-type: none"> • Developing an economic and funding framework to support the achievement of the 10-year view • Robust accountability documents that clearly articulate our value proposition • Continuing to implement the LINZ Stakeholder Strategy and Business with Maori Strategy

Strategic Risk 3: LINZ may be unable to effectively lead/deliver the creation of a New Zealand wider seamless location system

Operational description of the risk and impact if the risk eventuated	Level of Risk (assessed on controlled risk)	Treatment/mitigation measures
<p><u>Risk Description:</u></p> <p>Inability to appropriately align Business Strategy with the Operating model</p> <p><u>Impacts:</u></p> <p>Business objectives are not met and performance is degraded.</p>	<p>Possible/ Moderate = Medium</p>	<ul style="list-style-type: none"> • Ongoing strategy meetings with senior leadership team and third tier management • Implementation of 10-year view that includes business model work • Business planning and Four-year Plan.
<p><u>Risk Description:</u></p> <p>Inability to find appropriate balance between working in the system, on the system and across the system</p> <p><u>Impacts:</u></p> <p>LINZ vision is not fulfilled within the required timeframe and objectives are not met.</p>	<p>Possible/ Moderate = Medium</p>	<ul style="list-style-type: none"> • Clarity of the implementation plan and appropriate resource allocation.

[7]

5.7.2 Resilience

As a part of LINZ assessment of risks that could impact on the achievement of the Four-year Plan, we have assessed LINZ resilience. In this context ‘resilience’ is defined as the capability of LINZ to withstand and recover from shocks that could impact on our ability to deliver the plan, with a focus on the resilience of our people, information systems and finances.

The LINZ assessment has focused on LINZ’s capacity to withstand and recover from a possible shock - not the likelihood of an unexpected shock is (regardless of the type of shock). For the purposes of this assessment we consider shocks from a broad perspective (not just an earthquake or housing downturn), for example:

- Natural disaster (e.g. flood, storm, earthquake etc.)
- Global economic downturn that is unexpected or relatively unexpected
- Political crisis leading to unexpected change of government (e.g. vote of no confidence)
- Man made disaster e.g. extended power outage in Wellington/Christchurch or Hamilton – like Auckland in 1998.

The following five point scale has been applied when assessing LINZ resiliency:

1. Strongly resilient to most possible eventualities, well within risk appetites
2. Resilient to most eventual ties, mainly within risk appetites
3. Resilient to some eventualities, but need strengthening in some areas to be within risk appetites
4. Only weakly resilient to most eventualities, exposed to significant risk in excess of appetites
5. No resilience to many eventualities

We have assessed LINZ's score as 3, which is defined as "resilient to most eventualities, but need strengthening in some areas to be within risk appetites". Our reasoning is detailed briefly below.

People Our resilience to natural or man-made disaster shock is dependent on the locations which are affected. For disasters impacting on Christchurch or Hamilton, it is possible for other locations to pick up the additional processing work provided it is for a short time period.

If the disaster strikes Wellington, the impact could be more significant, depending on the severity of the disaster. In the case of a disaster shutting down the Wellington CBD for a prolonged period, we would need to look at transferring key people (e.g. those performing statutory roles) to other offices to continue to provide the function or consider alternate ways to meet these commitments if key people are unavailable.

We anticipate that current succession planning would enable us to appoint people to these roles in acting capacity; however, this may result in a slow down of services. In the longer term aftermath of a natural disaster LINZ may be needed to provide additional resources to assist with rebuilding activities and this would require the prioritisation of activities within LINZ and could impact on LINZ capacity to delivery all functions within agreed timeframes.

In the event of other potential shocks (not natural or man-made disaster) the impact to LINZ is likely to trickle down and the nature of this impact would allow us sufficient time to assess capability and capacity impacts and adjust accordingly.

Business continuity The Christchurch earthquake has resulted in Hamilton and Christchurch Survey and Title Operations and Contact Centre Operations having proven plans in place.

However for our Wellington office (where the bulk of our business is based) plans are less robust and we continue to work on:

- identifying key critical roles (predominantly statutory) that will need to be

fulfilled

- refreshing business continuity plans for critical processes
- testing business continuity plans to ensure staff readiness.

Work is underway to raise awareness of Business Continuity through workshops and a BCP Programme is being initiated.

Information systems With our recent IT upgrade and more than 250 people having remote access, we have significantly:

- reduced our risk profile at the desktop through improved rationalisation, standardisation and protection of the core systems from unintended change
- improved our ability to allow our staff to operate remotely. This was proven in the recent Wellington earthquake where many staff worked from home with both full and secure access.

Disaster Recovery (IT systems technology recovery) is in good state for most core systems and is based on the mature and well-tested Landonline Disaster Recovery Management Plan. The LINZ Crisis Management Plan (CMP) is also based on the Landonline CMP and is well defined, however, requires testing to ensure staff readiness.

Finance LINZ's Crown funding is sufficient to fund business as usual operations for the short to medium term, including absorbing salary and inflationary pressures.

LINZ undertakes quarterly advanced forecasting with regard to our survey and titles operations. Current forecasting indicates that LINZ is able to operate through the normal peaks and troughs of the property market. In the event of a one-off rare event e.g. the GFC, forecasts suggest that it will take a material change to market volumes to result in an issue with third party revenue.

LINZ expenditure is predominantly fixed and not subject to fluctuations.

5.7.3 Risks to the sustainability of the Four-year Plan beyond 2017/18

As detailed in Section 1 our strategic direction for the next four years sits within a wider 10-year time horizon and both the strategic and high level operational risks have been considered from the wider 10-year time horizon.

The LINZ Senior Management Team regularly review the strategic risk profile (including the high level operational risks that underpin the strategic risks) and we expect that over time these risks may be revised, as treatments are implemented and potential new risks emerge from environmental scanning activities.

5.7.4 Risk matrix

Likelihood	Almost Certain: Expected to occur in most circumstances, every year	Medium	High	High	Extreme	Extreme
	Likely: Will probably occur in most circumstances, every 2-5 years	Medium	Medium	High	High	Extreme
	Possible: Could occur at some stage, every 5-10 years	Low	Medium	Medium	High	Extreme
	Unlikely: May occur in exceptional circumstances, every 10-25 years	Low	Low	Medium	Medium	High
	Rare: Will only occur in exceptional circumstances, 25 years or more	Low	Low	Medium	Medium	High
Consequences	Negligible: Minimal impacts with consequences managed within routine operations	Low: Operations within a single area of business effected with efficiency or effectiveness threatened Business activity can be managed under normal operating levels or resource and input Minor reputational consequences	Moderate: Management effort required to prevent escalation Multiple areas of the business are affected with moderate operational or service degradation Additional budget required Some financial, political, reputational consequences	High: Substantial senior management input required to manage issue or prevent a crisis Multiple areas of the business are affected with serious operational or service degradation Additional budget required (people, budget etc.) required Serious financial, political, reputational consequences	Extreme: Extensive senior management input required to recover from risk event or crisis Widespread impacts on operations with critical functions of services suspended Significant level of additional resource (people, budget etc.) required Extreme financial, political, reputational consequences	

Annex 5.8 Government priorities

5.8.1 Delivering Better Public Services

The delivery of Better Property Services and the Crown Land Centre of Expertise are LINZ's major initiatives that contribute to delivering better public services.

Contribution to Better Property Services

Consistent with expectations that government will deliver citizens and businesses with improved online services under Better Public Services result 9 and 10, this cross-government initiative will explore better online integration of central and local government property services. This is likely to include services relating to ownership of property, permits and consenting (including resource management and building consents) for property, and property information provided by local government. In future, consumers and businesses should be able to experience a seamless and consistent digital and online service for accessing their property services.

Through doing this, there are potential improvements in the timeliness, quality, and cost-effectiveness across these property functions and services. It will enable increased productivity, and allow for the release of more valuable and useable sets of location information for use by both the government and the private sector. It is estimated that real GDP would be \$135m higher in 2025 if we achieve this Better Property Services future¹⁶.

LINZ has a role in the Better Property Services area, providing some foundational property datasets. Within this initiative, the Advanced Survey and Title Services project will provide the business process and ICT for LINZ to make our property information and services available as part of Better Property Services.

Crown Land Centre of Expertise

The Crown Land Centre of Expertise is an initiative to improve the acquisition, use, management and disposal of Crown owned and used land. We manage a portfolio of some 5,000 properties or about 8% of New Zealand's land mass. The management and disposal of Crown land is a core function for LINZ, but not for many Crown agencies. These other Crown agencies can focus on their core functions when we provide advice, management and disposal services to them.

¹⁶ From research currently being completed for LINZ to estimate the benefits of Better Property Services

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Resources committed						
Advanced Survey and Title Services ¹⁷	0.9 FTE \$0.745m	7 FTE \$1.773m	[11] \$2.000m	\$11.300m	\$14.200	\$16.000m
Crown Land Centre of Expertise	2.5 FTE \$0.250m	5.0 FTE \$0.250m	[11] \$0.250m	\$0.250m	\$0.250m	\$0.250m
Resources reallocated across agencies ¹⁸						
Crown Land Centre of Expertise	\$0.030m	\$1.000m	\$1.000m	\$2.000m	\$2.000m	\$2.000m

5.8.2 Canterbury rebuild

LINZ contributes to the Government priority of rebuilding Canterbury by increasing the use of location information in the rebuild activities.

Geodetic infrastructure upgrades will be undertaken by December 2013 and following this, a major programme of readjustment of spatial layers within Landonline will be undertaken such as moving the digital cadastre to reflect earthquake movements. We received new funding in Budget 2011 and Budget 2012 to restore the physical geodetic network in the areas of Canterbury affected by the 2010/11 earthquakes and aftershocks. This infrastructure and the new data being gathered on earth movements are essential for the design and repair of essential services and assessment of natural hazards on the Canterbury plains. It is also needed for re-establishment of property boundaries so landowners' interests are protected.

We manage a programme of eight projects to accelerate the development of a Canterbury regional spatial data infrastructure (SDI) to assist the recovery. This work will improve the efficiency and quality of information exchange between the rebuild partners. This will improve decision making and planning at strategic and operational levels. It will open up new lines of communication with the public about what is happening where and the impacts it may have on their day to day lives, and allow better engagement with communities. The work will

¹⁷ Note that the project enters design and build stage in 2015/16 and resources ramp up until the rollout in 2019/20

¹⁸ If government chooses to proceed with the Better Property Services vision, other agency resources will be needed in years from 2014/15

stimulate the wider use of government open data to provide new and innovative information services and products to all sectors.

On behalf of CERA, we maintain up to approximately 8,000 red zone land parcels until the government determines the long term use of the land. We are working on the completion of all Canterbury property valuations delayed as a result of the Canterbury earthquakes.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Resources committed						
Restoration of the Geodetic Network	\$0.800m	0.5 FTE \$0.200m				
Revaluation of Canterbury	2 FTE \$0.200m	2 FTE \$0.200m	[11] \$0.020m	\$0.030m		
Canterbury SDI Acceleration	7.8 FTE \$1.682m	5.5 FTE \$4.307m	[11] \$2.041m	\$1.144m	\$0.974m	
Residential Redzone	2.5 FTE \$0.250m	3.5 FTE \$0.350m	[11] \$0.450m	\$0.450m	\$0.450m	\$0.450m
Resources reallocated across agencies						
Residential Redzone	CERA – Baseline \$0.000m	CERA – Baseline \$3.000m	CERA – Baseline \$9.075m	CERA – Baseline \$9.075m		

5.8.3 Building a more productive and competitive economy (BGA work-stream)

Our contribution to the Government's economic priorities and our response to opportunities and challenges in our environment are captured under our three interrelated long-term outcomes that we deliver to New Zealanders. These are:

- Maintaining the integrity of the property rights system to encourage trade, commerce and wellbeing

¹⁹ Based on assumption that next round of revaluations is included in core functions

²⁰ Based on assumption that CERA Act expires April 2016 so Christchurch revaluation would have to occur 2015/16

- Increasing the productive use of location information significantly above the current estimated \$1.2billion in annual productivity benefits it already contribute to New Zealand, and
- Enabling appropriate economic, environmental and recreational uses of Crown-owned and used land.

Property rights system's contribution to building the economy

The property rights system we oversee provides one of the foundations for economic performance by providing guaranteed private property rights and the ability for New Zealand business to expand using real property as collateral. We achieve this by ensuring property rights can be transacted quickly and at a reasonable cost. The administration and regulation of Landonline is a critical function underpinning our nation's confidence in property rights and investment in the economy. By regulating the rating valuation systems, we support the economic platform for most local government services. We work with other agencies to delivery better property services across government. We oversee the occupational regulation of valuers and provide screening regime for significant overseas investment.

The Overseas Investment Office (OIO) based in LINZ administers the overseas investment regime. The work of the OIO contributes to the Government's outcome of improved overall economic performance. The OIO regime reflects the Government's aim of achieving a balance between ensuring New Zealand's sensitive assets are protected while facilitating overseas investment that provides economic benefits to New Zealand.

Location information's contribution to building the economy

One of the most significant contributions that we make to the Government's priority to build a more productive economy is to increase the productivity related benefits that location information contributes annually to the economy.

The New Zealand Geospatial Office (NZGO) within LINZ leads the all-of-government effort to unlock the barriers to benefitting from an additional estimated \$500m in productivity related benefits through better use of location information. In conjunction with NZGO, we seek to increase the availability and reuse of government location information and reduce costs and barriers to this information.

We continue to improve our longstanding core location information infrastructure and services which underpin New Zealand's economy, security and safety. For example, 98 per cent of New Zealand's trade arrives or departs by sea and is at risk without our accurate hydrographic data and services.

Enabling economic use of Crown-owned and used land's contribution to building the economy

We currently manage eight per cent of New Zealand's land area and regulate buying and selling of land by all Crown agencies. We enable appropriate use of Crown land through the acquisition, effective management and disposal of Crown land. We contribute to the Government priority of settling Treaty of Waitangi claims, which supports Māori and iwi development. This protects the interest of the Crown and the public and contributes to building a more productive and competitive economy. The Crown Land Centre of Expertise aligns with the Government's overall goal of creating a better public service and contributes to New Zealand's economic development by enabling Crown agencies to manage and utilise their assets more effectively.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Resources committed		[11] \$73.031m	\$74.952m	\$76.620m	\$78.176m	\$79.890m
Resources reallocated across agencies						

Appendix 1: Detail of the LINZ workforce (as at 30 June 2013)

Headcount

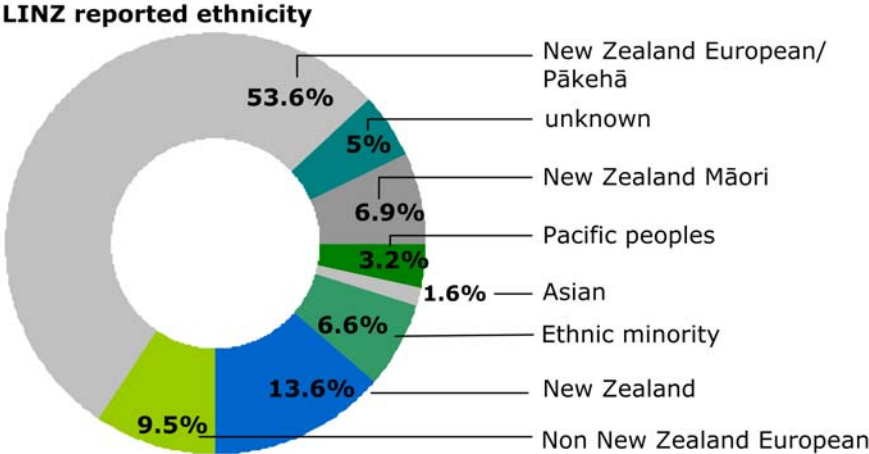
- Government FTE Cap: 499 established positions
- Total head count: 484 (473.6 FTEs)
- 69 per cent of staff are frontline, 31 per cent are back office
- Managers are 16.7 per cent of the total headcount
- Of our managers, 34.1 per cent are second /third tier and 65.9 per cent are team managers.

Age

- Average age: 44.8 years
- 13.7 per cent of staff are under 30 years. 70 per cent of staff under 30 are frontline.
- 10.6 per cent of staff are aged 60 or older. 73 per cent of these are frontline.

Gender and ethnicity

- 50 per cent staff female, 50 per cent staff male
- 39.2 per cent of our second-tier and third-tier managers are female
- Ethnicity breakdown is shown below (staff may advise up to three ethnicities, in line with SSC requirements).



Engagement

- Our overall engagement score in September 2012 rose to 4.16 out of 5 from 3.88 in 2011 making LINZ the most highly engaged organisation in the NZ public sector
- The engagement score for the senior leadership team and third-tier was 4.52 out of 5
- Actively disengaged staff fell from 10 per cent to 5 per cent, while engaged staff rose from 38 per cent to 57 per cent.

Leave

- Average annual balance: 16.9 days
- Average number of sick leave days taken: 5.2 days.

The contractual environment

- 42.5 per cent of staff are members of the PSA
- 38.9 per cent of staff are on the collective employment agreement.

Workforce costs

- Workforce costs account for approximately 43.4 per cent of overall costs.

Tenure and turnover

- The average tenure of staff was 11.6 years for frontline staff and 7.7 years for back office staff
- Core unplanned turnover was 6.8 per cent (56 per cent of net leavers were frontline and 44 per cent back office)
- Of the staff that left LINZ, approximately 25 per cent had completed with less than one year's service, and 25 per cent has completed one to three years' service.