

Quarterly Report to Joint Ministers

Programme Overview

- OVERALL STATUS remained at Amber.
- PROGRAMME SPENDING remained well within budget.
- PROGRAMME DELIVERY: Product development, testing and piloting of Search and Notices products with customers is well advanced.
- PLANNING for the next phases of activity beyond June 2020 (and the scaling-up of resources needed to carry out this work) is well advanced. Impacts of COVID-19 are being factored into this planning.
- FUNDING REQUEST: We will ask joint Ministers in June/July 2020 to approve the draw down a further tranche of capital funding (from that already allocated to the programme) to maintain programme activity until December 2021.
- GATEWAY REVIEW: A Gateway assessment of our readiness to proceed with the next phases of activity beyond June 2020 will take place in late May 2020 before our funding drawdown request.
- COVID-19: The STEP team is working from home. We expect delays to some work planned for the April to June quarter and possibly longer. New recruitment has been paused.
- PROGRAMME GOVERNANCE was transitioned from an independently chaired Board to the LINZ ELT on 30 March 2020. Internal governance will give the ELT a stronger role in strategic decisions regarding STEP and ensure the programme is integrated with LINZ systems and processes. Two advisory groups are being established to ensure there is external input and challenge to drive delivery.

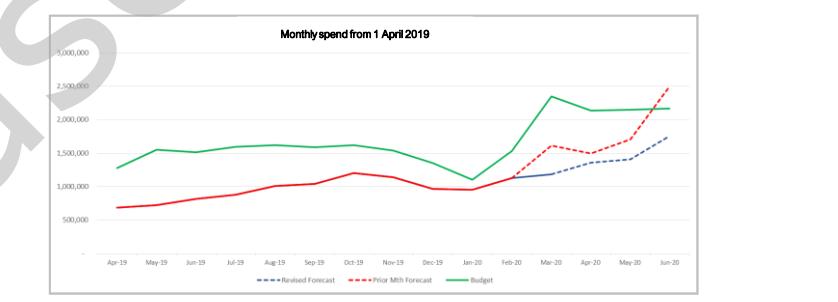
Delivery

- REGISTERED WEB SEARCH: successful release to registered customers after technical pilot. Customers can now search for and purchase property data from any device instead of from a dedicated workplace computer.
- PUBLIC WEB SEARCH: pilot underway with a small number of users ahead of a planned release by June 2020.
- NOTICE OF CHANGE OF OWNERSHIP: product testing with territorial authorities. Tauranga City Council pilot due in April.
- LANDONLINE DATABASE: preparations for migrating database to a new software environment continued. New Zealand options for hosting the database identified and considered.

Finance

- SYSTEM BUILD EXPENDITURE to 31 March 2020 of \$11.73 million is 63 percent of budget for the period from 1 April 2019 to 31 March 2020.
- 68 per cent of the underspend is due to lower resourcing costs, with more permanent staff employed on the programme (60 per cent) than the 50:50 staff/contractor split projected by the Programme Business Case. Other factors included a later start to the programme and delays in recruitment.
 - We forecast a spend of \$16.25 million by 30 June 2020, 65 per cent of budget. This includes the impact of reduced resource costs from delayed recruitment due to COVID-19.
- KEY FINANCIAL RISKS:
- Increased projected headcount for STEP (accommodation capacity, additional management support, and other impacts on wider LINZ)
 - LINZ is seeking a line of credit (repayable capital injection) as part of the "wave 1" process to cover survey and title operating costs, including STEP operating costs, to manage the reduction in revenue resulting from Covid-19.

	System Build (1 April 2019 to 31 March 2020)			System Build (forecast) (1 April 2019 to 30 June 2020)		
	Actual \$(m)	Budget \$(m)	Variance \$(m)	Forecast \$(m)	Budget \$(m)	Variance \$(m)
CAPEX	10.48	16.06	5.58	14.13	21.73	7.60
OPEX	1.25	2.58	1.33	2.12	3.37	1.25
TOTAL	11.73	18.64	6.91	16.25	25.10	8.84



Benefits

- A LINZ reference group is co-designing a benefits tracking, monitoring and reporting process to align with STEP's Agile delivery methodology.
- Measures and processes developed by the reference group will be used as inputs to the refreshed benefits management plan, which is due at the end of May 2020.
- This process will involve assigning "value points" to STEP outputs which will allow value-based prioritisation when planning future work.

Risk and Assurance

- Independent Quality Assurance NZ (IQANZ) latest quarterly report noted:
- improved preparedness for and running of STEP three-monthly increment planning "a positive progression in programme maturity".
 - greater confidence across the group, with well engaged conversations across LINZ, and "the type of energy expected of an effective Agile planning process".
 - plans in place for ongoing collaboration on benefits, understanding the value stream and what value looks like for the programme.

Third party funding review

- We are assessing how we progress this review in light COVID-19. A significant reduction in activity and third party revenue has been experienced and this is likely to continue due to economic uncertainty.
- The review will need to consider changes in forecast demand, cost structures and drawdowns of the repayable capital injection we are seeking to manage the revenue impact (see Finance above). The project is continuing to build on the identification of high level fee options and develop a financial model.

People

	Planned	Actual
Personnel (FTE)	31	28.8
Contractors*	27	15
Consultants*	1	4

* Contractors and Consultants are measured by headcount.

Stakeholder engagement

- Customers are heavily involved in the testing and piloting of STEP customer service products and participating in quarterly STEP "show and tell" demonstrations.
- A territorial authority focus group is supporting the development and delivery of the Notice of Change (NoC) of Ownership service which is being piloted with Tauranga City Council.
- Strong relationships are being forged with the surveying community, including third party suppliers of survey software.

Next quarter (April-June '20)

- COVID-19 impact assessment
- Public web search release
- Release Notice to Mortgagee
- Gateway Review (May)
- Funding drawdown request (June/July)

