



Cabinet Government Administration and Expenditure Review Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Modernising Landonline: Update

Portfolio **Land Information**

On 4 August 2022, the Cabinet Government Administration and Expenditure Review Committee:

- 1 **noted** that in 2018, GOV:
 - 1.1 noted that confidence in property rights and accurate land information is critical for New Zealand, with buyers and sellers relying on services that Land Information New Zealand (LINZ) provides through its central register of survey and title information, and the Crown guaranteeing that the issued title is correct;
 - 1.2 agreed a preferred investment option and delivery pathway for modernising Landonline in four tranches over five years (the programme) at a capital cost of \$128.2 million and associated operating costs of \$51.7 million;
 - 1.3 noted that the preferred pathway required a repayable capital injection of up to \$95.4 million drawn down over years 2-7 of the programme and repaid within 10 years, and that LINZ was contributing \$32.9 million from capital reserves toward the programme;
 - 1.4 authorised joint Ministers to approve drawdowns of tagged capital contingency funding agreed in Budget 2018 and agreed that any significant changes to scope, benefits, costs, or timeframes (including Programme tranches) would require report back to Cabinet;

[GOV-MIN-0078]
- 2 **noted** the establishment of a new programme governance board comprised of three experienced independent members and the LINZ Chief Executive;
- 3 **noted** that a Gateway review in October 2021 rated the programme's likelihood of delivering on its objectives as Green;
- 4 **noted** that the programme's status is currently Amber while LINZ manages the impacts of job market conditions that have caused high programme workforce turnover and affected productivity and delivery timeframes;

- 5 **noted** that LINZ is forecasting additional costs of \$72 million dollars (capital and operating expenditure) and a longer delivery timeframe as follows:
- 5.1 the capital build is now expected to cost \$175.7 million and operating expenditure \$76.1 million over the programme's 12 year whole-of-life period to 2030;
 - 5.2 the programme is now expected to be completed in 2026 (originally 2023);
 - 5.3 between now and the programme's completion, products and services will continue to be rolled out iteratively;
 - 5.3.1 the current Landonline will be turned off in January 2025, at which time LINZ will deliver innovative enhancements specified in the programme business case;
- 6 **noted** that approximately \$65 million or 90 percent of increased costs is due to external factors (including significant increases to contractor rates, higher forecast inflation, lost productivity caused by high workforce turnover and delays to savings in platform hosting costs), and \$7 million is needed for additional change management resources;
- 7 **noted** that:
- 7.1 LINZ can complete the programme within existing capital funding arrangements outlined in paragraph 1 above and is not seeking additional Crown funding beyond the capital injection authorised by Cabinet in 2018;
 - 7.2 the capital injection will be repaid as planned;
 - 7.3 additional capital expenditure needed to complete the programme can be funded from recycled LINZ depreciation reserves;
- 8 **agreed** the additional costs totalling \$72 million (an increase to capital expenditure of \$47.5 million and operating expenditure of \$24.4 million);
- 9 **agreed** to the extended programme delivery timeframe, which is now expected to be completed in 2026;
- 10 **noted** that joint Ministers remain authorised to approve drawdowns of tagged capital contingency funding approved in Budget 2018;
- 11 **noted** that the forecast impact on survey and title operating costs is approximately 7 percent per annum, however this may not need to automatically flow to user fees as a range of factors determine if and when a fee adjustment is appropriate;
- 12 **noted** that the next survey and title fee review is scheduled to occur on completion of the Survey and Title Enhancement Programme, but the exact timing of the review depends on factors such as transaction volumes, the balance of the survey and title memorandum account and the property market outlook;
- 13 **invited** the Minister for Land Information to provide a further update to GOV in December 2022.

Rebecca Davies
Committee Secretary

Attendance: (see over)

Present:

Hon Dr Megan Woods
Hon Chris Hipkins (Chair)
Hon David Parker
Hon Damien O'Connor
Hon Jan Tinetti
Hon Dr David Clark
Hon Meka Whiti
Hon Kieran McAnulty
Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for GOV

Proactive Release