

In Confidence

Office of the Minister for Land Information

Chair, Cabinet Government Administration and Expenditure Review Committee

Modernising Landonline – Update July 2022

Proposal

1. This paper updates Cabinet on progress of Toitū Te Whenua Land Information New Zealand's (LINZ) modernising Landonline programme and seeks agreement to increased forecast expenditure funded by users of Landonline.

Executive Summary

2. In October 2018 Cabinet approved a programme business case for the modernisation of the Landonline technology system used by surveyors and conveyancers to conduct all land transactions.
3. The programme's capital cost was an estimated \$128.2 million and it was expected to take five years to complete. Cabinet noted that the investment required a repayable capital injection of up to \$95.4 million and that LINZ was contributing \$32.9 million from LINZ capital reserves.
4. Work began on 1 April 2019 and good progress has been made so far delivering new services and property transaction functionality with strong support and involvement from Landonline users. A Gateway review in October 2021 rated the programme's likelihood of delivering on its objectives as Green.
5. LINZ has been managing challenging IT-sector job market conditions that arose during 2021. COVID-related impacts have had flow-on effects on the labour market, with steep rises in contractor rates leading to high workforce turnover that has impacted productivity and delivery timeframes. A baseline reforecast completed in April 2022 that takes into account current job market conditions and programme delivery experience to date has shown that it will take longer, and therefore cost more, to deliver the programme.
6. The capital build is now forecast to cost \$175.7 million over the 12 year whole-of-life period to 2030 and the delivery timeframe has increased by three years to 2026. Associated operating expenditure has increased from a projected \$51.7 million to \$76.1 million.
7. LINZ will not seek additional Crown funding beyond the capital injection authorised by Cabinet in 2018, as the additional capital expenditure needed to complete the programme can be funded by users of Landonline through existing funding arrangements from recycled LINZ depreciation reserves.
8. LINZ has completed an in-depth review of the governance approach used by IR in order to strengthen the programme's governance. I am proposing to put in place a new programme governance structure, in response to this review. The new

programme governance board will comprise three experienced independent members and the LINZ Chief Executive. The programme's Senior Responsible Officer will be a standing attendee.

9. LINZ has developed positive relationships with Landonline users who are very supportive of the programme and the approach to delivery and funding.

Background

10. In October 2018 Cabinet agreed to the preferred investment option and delivery pathway for modernising Landonline as outlined in a programme business case. This pathway involved rebuilding Landonline while keeping the data and business logic from the legacy system (rather than migrating to a new platform), and delivering the rebuild incrementally using Agile development methodology with New Zealand ICT resources. [GOV-MIN-0078 refers].
11. The programme was expected to cost \$128.2 million. This was funded by 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 \$32.9 million from LINZ capital reserves. Work on the five-year modernisation programme, known as the Survey and Title Enhancement Programme (STEP), began on 1 April 2019.
12. Landonline is the technology system that provides New Zealand's record of land ownership, maintains the official record of property boundaries, and is used by all land surveyors and conveyancers to conduct land transactions.
13. Buyers and sellers rely on the LINZ-provided central register of survey and title information, and the Crown guarantees that the issued title is correct. The system underpins private property rights in New Zealand, which is ranked by the World Bank as one of the best in the world for the ease of registering property. Confidence in property rights and accurate land information are critical for New Zealand's economy and trusted reputation nationally and internationally.
14. The Landonline system is over 20 years old and based on technology that is time-consuming to update, less flexible and higher risk than modern systems [REDACTED]
[REDACTED]
15. STEP is an in-house programme that is building an enduring capability at LINZ to work with customers to deliver and continuously improve New Zealand's survey and title system. The approach to the rebuild will equip LINZ to continually update Landonline without future one-off investments by government.
16. Cabinet's October 2018 decision to rebuild and modernise Landonline via an in-house programme followed a five-year phase to explore and analyse all possible options. This included considering an "as a service" approach, purchasing an existing off the shelf solution (and then customising it), and a bespoke new build.
17. A 2015 detailed business case [EGI-15-MIN-0152 refers] found that no off the shelf solution existed. New Zealand was the only place in the world that combined the title and the survey system on one platform. Recreating the existing, let alone the desired

innovation (e.g. capture of three-dimensional property rights), would require a significant level of new build.

18. The in-house approach outlined in the 2018 programme business case was developed as a counterfactual to a preferred supplier's capital build proposal. LINZ's analysis concluded that an in-house build would be more cost-effective and deliver the same benefits, security and customer-focused outcomes without the risks of dealing with a third-party provider. Also, rebuilding the existing system would be less complex than migrating to a new platform, could be developed within New Zealand largely by local providers and developers, and could be designed for New Zealand requirements. It would also allow LINZ to maintain control and ownership of the new system, and the ability to more quickly make changes and deliver better functionality. The proposal to take an incremental delivery approach using Agile methodology was supported by Central Agencies.
19. STEP's objectives are to deliver:
 - 19.1. a flexible and modular technology platform that replaces the current platform
[REDACTED]
 - 19.2. improved quality and range of survey and title services
 - 19.3. improved productivity and information flows by enabling the future integration of Landonline property data with systems such as the Māori Land Court's Māori Land Information System
 - 19.4. better access to property information for the public and decision-makers.

Progress has been made since April 2019

20. The programme has been developing, piloting, and releasing new products and services since April 2019. Stakeholders are supportive of how the programme is working directly with customers to co-create products and services. Customer feedback is being addressed on a continuous basis.

Search and Notices

21. The development and early release of property search and automated property transaction notification services has so far delivered 30% of the overall value the programme was expected to generate. Their release has also enabled 75% of the \$119.4-\$142.9 million in monetised benefits estimated by the 2018 programme business case to start being realised. These are primarily in the form of time-savings for territorial authorities, financial institutions and conveyancers using new automated services (paragraphs 23 and 24).
22. A public land record search service released in February 2021 that allows real-time online purchases of land records from the LINZ website is recording 10,000 orders a month compared with 3,000 orders a month via LINZ's manual ordering service.
23. An automated property transaction notification service is in use by 45 of 67 territorial authorities, including Auckland Council (with 31 per cent of all rating units nationwide), and Wellington and Christchurch city councils. Automated notifications

from a conveyancer to a council when property changes hands replace an inefficient manual process and allows rating databases to be updated efficiently and accurately. LINZ is working to bring the remaining councils onto the service.

24. Recent feedback from Auckland Council indicates that in the first two months of using the Notice of Change service they have halved the processing time for updating rating database property files. Auckland-based solicitors also comment that the service is simple, easier and faster to use, and has reduced duplication. They report 5 to 10 minute time-savings per property transaction which are being passed on to clients.
25. Ten financial institutions are using a similar automated mortgage registration notification service.

Core system rebuild

26. The rebuild of Landonline will modernise survey and title transaction functions, introduce new customer support functions, and transfer the Landonline database of property information to a modern technology platform.
27. Pilots of new survey and title functionality developed as part of foundational work in 2021 are being expanded. Several straightforward aspects of a property sale or purchase can now be transacted on the new platform and all survey plans can now be imported and validated in the new system. The focus in 2022 and 2023 is on migrating customers in greater numbers toward new services available to them.
28. LINZ expects 80% of all titles transactions will be conducted on the new platform by December 2023. At the same time all surveys will be captured in the new Landonline system (the existing legacy survey capture will be decommissioned) and LINZ support staff will process all survey plans on the new platform.

Gateway review

29. A Gateway review in October 2021 rated the programme's likelihood of delivering on its objectives as Green. The reviewers said:
 - 29.1. STEP was strongly led and had established a mature Agile delivery programme
 - 29.2. the release of the Search and Notices products and early pilots of survey and titles functionality have been received well by business users to the extent that they are highly supportive of what has been delivered and the customer centred approach that LINZ has adopted had exceptional support from both industry stakeholders and Central Agencies
30. On programme risks, the review team said the programme's single-biggest challenge was recruitment and retention, with churn at the time of 15% per annum and accelerating. The team also noted the programme's concern of the emerging risk that actual costs materially differed from estimates and cadence was slower than desirable and that this could require a rebalancing of time and cost parameters.

Programme status remains at Amber

31. The programme's status is unchanged at Amber since my last report to Cabinet in November 2021. Amber status reflects the programme's governance board's ongoing focus on managing challenging IT-sector job market conditions that have resulted in high programme workforce turnover and impacts on productivity and delivery timeframes reported in this paper.
32. Recruitment, retention and workforce churn, the biggest risks to this programme, have been managed by the Board since mid 2021. The Board considered options including changing the scope and quality of what the programme would deliver. Noting the success of and support for the delivery approach from customers, the Board agreed they did not wish to compromise the programme's scope or the quality, and directed the programme to reforecast time and delivery costs accordingly (paragraphs 41 to 50).

Governance and monitoring

33. LINZ has completed an in-depth review of the governance approach used by IR in order to strengthen the programme's governance. The new programme governance board will comprise three experienced independent members and the LINZ Chief Executive. The programme's Senior Responsible Officer will be a standing attendee. Other attendees such as statutory officers, LINZ CFO and independent quality assurance advisors will attend meetings to support papers as necessary. A long-established stakeholder reference group will remain in place. The proposed STEP governance is compared with the IR structure in the table below.

<p>INLAND REVENUE BT GOVERNANCE <i>External and Internal governors work together as a Board to make programme decisions.</i></p> <p><i>Close connection between governors, the business and external stakeholders.</i></p>	<p>STEP GOVERNANCE <i>Programme decisions are made by a Board of three external Governors and CE.</i></p> <p><i>Retains close connection to external stakeholders.</i></p>
<p>Programme Governance</p> <p>Portfolio Governance Committee - internal + external membership</p> <ul style="list-style-type: none"> Members: <ul style="list-style-type: none"> Chair – a Deputy Commissioner (IR Exec team member) SRO (Commissioner of IR) – had right of attendance Deputy Commissioners (Executive team incl CFO) two independent external members - [REDACTED] (3 member up to 2018 Tarin Kanji). Standing Attendees: senior programme team members for relevant items 	<p>Programme Governance</p> <p>STEP Board - independent external membership + CE</p> <ul style="list-style-type: none"> Members: Proposed to be [REDACTED] (confirmed availability) and one other to be confirmed. Standing attendee: SRO Other attendees such as statutory officers, CFO and independent quality assurance advisors will attend to support papers as necessary Frequency: Monthly Role: Board governs delivery of the STEP programme in line with scope, time, cost and

<ul style="list-style-type: none"> • Frequency: Monthly <p>Role: to govern the programme in terms of delivery to project scope, cost, time and quality.</p>	<p>quality, including oversight of key risks and issues to ensure successful delivery.</p> <ul style="list-style-type: none"> • External membership gives assurance that Governance has the expertise and competence to deliver, and that key programme decisions are made by external Governors working with the CE who is accountable for day-to-day delivery.
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34. Officials provide me with monthly status updates and 12-weekly reports to joint Ministers, and I update Cabinet every six-months.
35. Additional Independent oversight and input is provided to the programme through
 - 35.1. 12-weekly programme quality assurance reporting to the Board by IQANZ
 - 35.2. Gateway reviews (approximately every 18 months)
 - 35.3. risk management reporting to the external LINZ Risk and Assurance Committee
36. Further monitoring and guidance is provided by a central agency group that includes Te Tai Ōhanga The Treasury, the Government Chief Digital Officer, Department of Prime Minister and Cabinet and Te Kawa Mataaho Public Service Commission. The programme is subject to the GCDO's mandatory assurance requirements for government IT programmes. The GCDO has completed their regular review of programme assurance and feedback is being incorporated into the programme's updated assurance plan.
37. Considerable focus has been placed on developing consistent reporting across the programme's development teams, allowing the Board to closely monitor progress, risks, and emerging issues. The Board is actively managing the programme's scope to ensure programme business case objectives are met.

Stakeholder support

38. The programme is strongly supported by Landonline stakeholders including property lawyers, cadastral surveyors, territorial authorities and key data organisations. LINZ directly involves representatives from these groups in the co-design of products and services and provides opportunities to feed into the overall programme approach.
39. The Auckland District Law Society commented that the opportunity to work collaboratively to ensure final products were functional and user-friendly was highly valued, and that it was "refreshing to have a government entity proactively working so closely with the industry". The NZ Law Society described a new property search application as "an excellent and intuitive tool for all aspects of property work" and that the mortgage registration and property transaction notification services had resulted in significant efficiencies for law firms.
40. Survey and Spatial NZ, the industry body for survey and spatial professionals has told LINZ it valued the engagement opportunities over the course of the programme

and active involvement in key programme milestones. They support the programme as it goes through adjustments to funding and timing, and remain confident that it will be successfully delivered to its members.

Programme reforecast: STEP will take longer and cost more to deliver, however no further Crown funding will be sought

41. A baseline reforecast completed in April 2022 that takes into account programme delivery experience to date and current IT market conditions has shown that it will take longer and therefore cost more to deliver the programme. The last baseline forecast in August 2020 showed the programme would be completed within the original budget. This position changed markedly through 2021 due to COVID impacts and flow-on effects on the labour market.
42. As a result, the capital build is now forecast to cost \$175.7 million and operating expenditure \$76.1 million over the 12 year whole-of-life period to 2030 (see table below). The delivery timeframe has increased by three years to 2026. Given that this updated forecast figure was based on industry conditions at the time which are currently improving, it's possible that actual spend will be lower if conditions continue to improve.

STEP expenditure (\$M)			
	Forecast	PBC (85%)	Difference
Capital expenditure	175.7	128.2	(47.5)
Operating expenditure ¹	76.1	51.7	(24.4)
	251.8	179.9	(71.9)

43. External factors account for approximately \$65 million or 90% of the total cost movement. Steep rises in contractor rates have resulted in high workforce turnover (currently an annual average of 40% compared with turnover in the first two years of below 6%) and contributed to significant lost productivity (estimated at six months per vacancy).
44. LINZ is actively managing programme turnover which peaked in January 2022 but is showing improvement, with the most recent three-month average at around 22%. A pressured IT contractor market has seen contractors prepared to leave the programme for higher paying opportunities. LINZ also saw permanent staff in the programme switching to contractor status but was not prepared to set a precedent by re-engaging former employees in the programme.
45. As shown in the "Material Movements" table below, the largest driver of the forecast increase (\$38 million) is the increased effort needed to deliver the programme. This includes \$25 million attributable to lost productivity and the increased costs of maintaining a workforce for a longer period. The forecast assumes productivity losses will be felt until January 2025. Allowance has also been made for some aspects of the rebuild that will require more effort than originally estimated.

¹ Operating expenditure excludes capital charge and depreciation

Maintaining the existing platform for an extended period will reduce expected savings by \$10 million.

Material Movements (\$M)		
<i>Turnover from Jan 23</i>	<i>Reforecast</i>	<i>Typical Industry *</i>
Increased rates for contractors	10	10
Inflation increase (from 3% to 5% between FY23 - FY25)	7	7
Increased effort required to deliver	38	22
Reduced savings from existing system	10	6
Training for Customers and LINZ	7	7
Total cost movements	72	52

* Return to typical industry turnover from January 2023

46. By contrast, the “Typical Industry” column models the effect of a return to a more usual IT industry workforce turnover rate of 15-20% by January 2023. In this scenario productivity losses reduce by \$16 million, which in turn lowers the increased costs attributable to savings in platform hosting costs for the current system.
47. A \$7 million increase in costs for customer and LINZ staff training was identified after evaluating customer feedback from on training requirements.
48. LINZ will not seek additional Crown funding as the additional capital expenditure needed to finish the programme can be funded from recycled depreciation reserves, as envisaged in the programme business case. Changes are not proposed to current delegated authority to joint Ministers to approve the drawdown of capital funds. LINZ will repay the capital injection as planned.
49. The programme business case assumed that the new system developed would be depreciated over a useful life of 10 years. This has been reduced to five years to align with software development practice and to support the programme’s objective of continual investment in modernising the survey and title system. This effectively brings forward funding to support the continued modernisation of the survey and title system as envisaged in the programme business case. This accelerated depreciation and increased operating expenditure is met by Landonline users through transaction fees (see paragraphs 52–53).

Extended delivery timeframe

50. Under the revised timeframe the current Landonline platform will be turned off in January 2025 (originally January 2023). Customers will carry out the vast majority of survey and title transactions on the new platform and the risks of a significant failure of the current platform will have been mitigated. LINZ will then deliver by 2026 innovative enhancements specified in the programme business case such as the ability to upload three-dimensional survey plans and data to Landonline (3-D cadastre). Beyond 2026 LINZ will move into an ongoing business-as-usual model of continual system maintenance and modernisation.

Ongoing cost pressures/risks

51. This reforecast takes account of current market conditions including an allowance for 5% annual inflation. An easing of market conditions could reduce the overall forecast increase by up to \$20 million, however no contingency is included to cover a worsening outlook. Resourcing and inflation risks remain high, as does the risk of lost productivity through illness and turnover. Further cost pressures could arise once resource requirements for some aspects of the rebuild are better understood (e.g. the 3-D cadastre) so may differ from what was projected in 2018.

Impact on transaction fees

52. STEP operating costs are fully recovered from Landonline users via transaction fees set by regulation. In June 2021, Cabinet approved increases to survey and title fees to reflect forecasted STEP costs at that time [DEV-21-MIN-0127 refers]. On 1 February 2022, title fees increased by 13 percent on average and survey fees increased by 57 percent on average. These fee changes were the first since 2011. The 2022 fee increases did not include allowance for the recent cost pressures.
53. The revised forecast adds approximately 7% per annum overall to survey and title operating costs. This may not need to automatically flow to higher fees paid as a range of other factors (including transaction volumes, the balance of the survey and title memorandum account (\$45.3 million in funds on 31 March 2022), and the property market outlook determine when or if a fee adjustment is appropriate. However, it is important for Cabinet to be aware that in the event of a property market slowdown, further fee increases over and above the 1 February 2022 increases are likely to be necessary. To ensure full transparency, LINZ will advise customers of the possible need for future fee increases as part of its STEP engagement activities. From recent discussions we anticipate their ongoing support for STEP and our approach to modernising the survey and title systems.

Programme benefits are expected to be fully realised

54. LINZ sought independent advice on the impact of the revised delivery outlook on the realisation of benefits forecast in the programme business case.
55. Benefits (monetised and non-monetary) are expected to be achieved in full, and are likely to exceed the business case forecast. This is because products are offering better functionality than initially envisaged, use of some products is higher than forecast (e.g. the public land record search service), and new sources of value are being identified as the programme progresses. An example of emergent value is development of the ability to create digital [REDACTED] visualisations of a survey from the registered base data, rather than having to use copies of previous surveyors' plans. This will transform the way this information is used and accessed.
56. The programme has already delivered 30% of the value it was expected to generate and enabled 75% of the monetised productivity benefits to be fully realised once all

territorial authorities and financial institutions are using property transaction notification services.

57. Addressing the risk of a technology failure (45% of overall programme benefits and a large driver of the investment) by moving all users off the legacy system has been delayed. However, LINZ has mitigated this risk by securing extended support for key technology products the present system relies on. No major outages of the current system have occurred in the last 12 months and the system has run at 100% availability in that time.

Revalidating the programme business case rationale

58. Given projected cost increases, LINZ has reassessed the programme from the perspective of the Better Business Case model mandated by Treasury for major work programmes.
59. The Strategic Case remains valid. Landonline provides the only means for transacting property in New Zealand. Maintaining the integrity of the system is vital if New Zealand is to maintain confidence in property rights. The programme aligns with Government priorities and remains a crucial technology driver of organisational change that will see LINZ take a flexible, customer-centric approach to the work it does for New Zealand.
60. Quantified benefits calculated for the Economic Case in 2018 (15% of the overall benefits profile) were based on 2017 data that will be recalculated as part of the programme's ongoing benefits management activity. As noted at paragraph 55, the programme is expected to fully deliver and is likely to exceed projected benefits, 85% of which relate to unquantified benefits: mitigating system failure risks (45%), improving LINZ's ability to meet customer and policy needs (30%), and the long-term broader economic value Landonline offers to New Zealand (10%).
61. The Commercial Case is largely unchanged in relation to sourcing and managing resources. STEP remains an in-house programme. Notwithstanding challenging job market conditions that have required LINZ to hire more contract resources than envisaged, LINZ is committed to retaining internal capability to maintain and enhance Landonline in the future.
62. Higher forecast costs do impact the Financial Case. This means Cabinet would need to approve the additional capital and operating expenditure to complete the programme. However, funding sources are unchanged from those approved in 2018 (no additional capital funding is being sought and operating cost increases are funded through user fees), with recycled depreciation still available to fund ongoing system enhancements into the future.
63. As noted at paragraph 29 the Gateway review in October 2021 gave the programme a Green delivery confidence rating. Many practices established by the programme are considered exemplars for future approaches to delivery of government programmes.

Consultation

64. The Treasury and Office of the Government Chief Digital Officer were consulted on the contents of this paper. The Department of Prime Minister and Cabinet and Te Kawa Mataaho Public Service Commission were informed.

Financial Implications

65. The programme spend from November 2018 to 31 March 2022 is \$50.5m (43%) of the \$116.2 million modelled capital budget that was approved in August 2020.
66. This paper seeks Cabinet agreement to the additional \$47.5 million capital expenditure and \$24.4 million operating expenditure required to complete the programme. No further capital funding will be sought over and above the repayable tagged capital contingency of \$103 million Cabinet allocated to the programme in Budget 2018. Of this, joint Ministers acting on delegated authority have to date approved drawdowns totalling \$41.2 million. Following Cabinet's decision to agree additional expenditure LINZ will ask joint Ministers to approve the next tranche of capital funding needed to maintain the programme until 31 December 2023.

Fee review

67. New survey and title transaction fees came into force on 1 February 2022 at the conclusion of a fee review. When Cabinet approved the recent fee increases, it noted that LINZ will complete another review of survey and title third party fees when STEP is completed in 2023. As noted in paragraph 50, the timeframe for completing STEP is now extended, but the exact timing of a review depends on factors such as transaction volumes, the balance of the survey and title memorandum account and the property market outlook.

Legislative, regulatory, human rights, population, or climate change implications

68. This paper does not contain proposals with legislative implications or require inclusion of a regulatory impact analysis. Nor does it contain proposals with implications for human rights, populations, or climate change policy.

Publicity

69. LINZ will work with my office to plan for and respond to media enquiries arising from this paper.

Proactive Release

70. I propose to publish this Cabinet paper on the LINZ website, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

I recommend that Cabinet:

1. **Note** that in 2018 Cabinet [GOV-MIN-0078 refers]:
 - 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 at a capital cost of \$128.2 million and associated operating costs of \$51.7 million²
- 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 made available in Budget 2018 and agreed that any significant changes to scope, benefits, costs, or timeframes (including Programme tranches) would require joint Ministers to return to Cabinet.
2. **Note** that a Gateway review in October 2021 rated the programme's likelihood of delivering on its objectives as Green.
3. **Note** that programme 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.
4. **Note** that LINZ is forecasting additional costs of \$72 million dollars (capital and operating expenditure) and a longer delivery timeframe as follows:
 - 4.1. 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.
 - 4.2. the programme is now expected to be completed in 2026 (originally 2023).
 - 4.3. between now and the programme's completion in 2026, products and services will continue to be rolled out iteratively. The current Landonline platform will be turned off in January 2025, at which time LINZ will deliver innovative enhancements specified in the programme business case by 2026.
5. **Note** that approximately \$65 million or 90% 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.
6. **Note** that:
 - 6.1. LINZ can complete the programme within existing capital funding arrangements outlined in Recommendation 1 and is not seeking additional Crown funding beyond the capital injection authorised by Cabinet in 2018

² Excluding capital charge and depreciation.

- 6.2. the capital injection will be repaid as planned
- 6.3. additional capital expenditure needed to complete the programme can be funded from recycled LINZ depreciation reserves.
7. **Agree** to additional costs totalling \$72 million (an increase to capital expenditure of \$47.5 million and operating expenditure of \$24.4 million).
8. **Agree** to the extended programme delivery timeframe which is now expected to be completed in 2026 (originally 2023).
9. **Note** the establishment of a new programme governance board comprised of three experienced independent members and the LINZ Chief Executive.
10. **Note** that joint Ministers remain authorised to approve drawdowns of tagged capital contingency funding made available in Budget 2018.
11. **Note** that the forecast impact on survey and title operating costs is approximately 7% 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. **Note** that the next survey and title fee review is scheduled to be undertaken when STEP is completed, 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. **Invite** the Minister for Land Information to provide a further update to the Cabinet Government Administration and Expenditure Review Committee in December 2022.

Authorised for lodgement

Hon Damien O'Connor

Minister for Land Information