

Updating fees for survey and title services

Discussion document

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Introduction

Purpose of this discussion document

Toitū Te Whenua Land Information New Zealand (LINZ) is proposing to update fees for our property system services to recover the increased costs of system modernisation and operation.

LINZ charges fees for property system transactions (such as selling a property, and registering or discharging a mortgage), registering surveys, and search functions.

Survey and title fees cover the cost of providing these services, and the cost of maintaining and upgrading Landonline, the information technology platform that underpins the efficiency and security of New Zealand's world-class property rights system. Since 2019, LINZ has been releasing modernised Landonline products and services which deliver substantial efficiency benefits to customers.

The objective is to update the existing survey and title fees so that LINZ can recover the costs of the Landonline modernisation and on-going operation.

What does this discussion document do?

The document outlines the cost pressures on the property rights system and seeks public feedback on options for updating fees for survey and title services.

- **Section 1: Executive summary** includes background information, a summary of the proposed options and next steps.
- **Section 2: Defining the issue** describes the problem and the costs of services.
- **Section 3: Review of survey and title fees** describes options for amended survey and title fees.
- **Section 4: Next steps** outlines the next steps for this review.
- **Section 5: How to have your say** sets out how you can respond.
- **Appendix 1: Options for updated fees** details the regulations for updated survey and title fees.
- **Appendices 2 to 6** describe the property rights system, explain the rationale for fees, compare our system with states in Australia, explain the trend of revenues and expenses, and assess alternative funding approaches.

This document meets the requirements of a [regulatory impact analysis](#) for discussion documents.

Section 1: Executive summary

1. LINZ is responsible for maintaining the land title register and cadastral survey records ('survey and title services'). New Zealand's property market and land development industries rely on these secure, efficient and timely services, which are delivered through the Landonline technology platform. New Zealand has a very good reputation internationally for property rights administration.
2. These services are funded by fees charged by LINZ to the users of the services. These users are the public, solicitors and other conveyancing professionals, and surveyors. Survey and title services are funded by fees because the services primarily provide a private benefit to the person receiving the services (the holders of property titles and other interests).
3. LINZ continuously monitors forecast costs and revenue, and regularly reviews fees. This review is in response to changes to forecast costs and revenue.
4. In the year ended 30 June 2023, LINZ received \$77.9 million in revenue from survey and title fees and the cost of delivering services was \$91.4 million. This deficit in revenue is reflected in a memorandum account¹. By 30 June 2024, the survey and title memorandum account is forecast to have a deficit balance resulting from:
 - lower than budgeted survey and title fee revenues, because of reduced property market activity and lower transaction volumes
 - increased investment in modernising the Landonline system through the Survey and Title Enhancement Programme, which is delivering a series of improved products and services for customers
 - increases in costs to support the core property rights system, including maintaining the legacy Landonline system for a longer period than anticipated.
5. The forecast fee revenues are \$135 million each year, which would recover the costs of the modernisation of Landonline and ongoing operations. If revenue stays below costs there is a risk to the administration of the survey and title system, as rebalancing the memorandum account could then require a substantial reduction in modernisation and operating costs. This would be likely to affect the timeliness, quality and security of survey and title services.

¹ This type of account allows LINZ to keep revenue when survey and title fees bring in more fees than budgeted, and is used to fund services when there is a deficit.

6. LINZ has prepared a fees model to attribute the costs of providing survey and title services. Under the preferred option, recovering costs will require fees for the most common titles transactions to rise to \$117 (a 30 percent increase), and the most common survey transactions to rise to \$1,130 (a 33 percent increase). Table 1 is an excerpt of these fees, edited for simplicity.
7. Online search fees are proposed to rise from \$6 to \$9 each search (a 50 percent increase), reflecting recovery of the costs of the increased investment in digital services. **Appendix 1** details three options for setting fees.

Table 1: Summary of proposed updated survey and title fees under the recommended Option A

Examples of typical fees for the most common transactions	Current fees (GST inclusive)	Proposed fees (Option A)	Percentage change
Survey			
Lodging survey data (including for a unit title development) that creates 1 or more parcels	\$850	\$1,130	33%
Lodging survey data for a complex boundary reinstatement survey	\$850	\$1,130	33%
Lodging survey data (other than for a unit title development) that creates 1 or more parcels	\$550	\$643	17%
Fee for each parcel in the cadastral survey dataset	\$60, \$75, or \$100 depending on type	\$80, \$112, or \$138 depending on type	33% to 49%
Title and Notices			
For registering or depositing an instrument (electronic)	\$90	\$117	30%
For registering or depositing an instrument (other)	\$180	\$234	30%
For depositing a plan	\$150	\$177	18%
For creating a record of title	\$145	\$160	10%
Search			
Copy of a title, instrument, or survey plan (electronic)	\$6	\$9	50%

Section 2: Defining the issue

8. Survey and title fee revenues are lower than needed to recover the increased costs of system modernisation and operation.

Fee revenues have been below budget

9. The budgeted level of fees revenue is based on regular forecasts of the volume of property transactions for which LINZ charges a fee. Transaction volumes are difficult to forecast as they change based on the property market.
10. For example, for the 2022/23 year, actual fee revenues of \$77.9 million were \$3.8 million below the forecast revenue of \$81.7 million.

Modernisation and operating expenses have increased

11. From 2021/22 to 2022/23, LINZ operating expenses for survey and title administration rose from \$78.9 million to \$91.4 million (see **Appendix 4**). This rise in expenses reflected the increased financial investment in the Survey and Title Enhancement Programme (STEP), and a rise in the core costs of survey and title administration. This rise in costs was due to investment to maintain service delivery quality, and labour market conditions (reflected in pay rates for staff).
12. The depreciation of the increased capital investment in STEP will contribute to total operating expenses exceeding the current level of fee revenues. In addition, the costs of maintaining the Legacy Landonline system will increase due to the extended timeframe to deliver the modernised Landonline. The legacy Landonline system must be kept operating until New Landonline is fully operational.
13. The difference between fee revenues and the cost of operations is reflected in the balance of the survey and title memorandum account, which tracks revenue and costs for the survey and title system. The balance of the memorandum account is reported each year in the LINZ Annual Report.
14. The trend of expenditures being greater than revenues will lead to the closing balance of the survey and title memorandum account changing from a surplus of \$27.4 million on 30 June 2023, to a forecast deficit of around \$41 million by 30 June 2025 (see Figure 6 in **Appendix 5**).

A continued deficit is a risk to survey and title administration

15. This forecast deficit is a risk to the financial sustainability of LINZ and to the ongoing funding of survey and title services. LINZ uses fees to run survey and title operations. If there is a deficit and no other funding can be obtained, then LINZ would need to greatly reduce the investment in the modernisation of Landonline and the costs of survey and title administration. These reductions would risk the ability to maintain the timeliness, quality and security of survey and title services, and could significantly degrade New Zealand's international reputation for survey and title administration.
16. Budget 2023 approved a repayable line of credit of up to \$85 million over three years to maintain the balance of the survey and title memorandum account and ensure service continuity until a fee review is carried out.

The forecast costs of survey and title administration

17. The LINZ fees model² has forecast an average annual fee revenue requirement of \$135 million to recover increased costs over the period from 2025/26 to 2034/35. These requirements result directly from increases in STEP delivery operating expenditure, depreciation (including repayment of the Crown loan of \$103 million), and ongoing increases in costs for digital delivery services.
18. LINZ continually reviews administration costs. The investment in modernising Landonline will make the survey and title system more efficient and so deliver financial benefits for users.
19. Following the introduction of updated survey and title fees as proposed in this discussion document, the survey and title memorandum account would shift from a forecast \$41 million deficit in July 2025 to a nil balance by July 2035. For more information on the fees model see **Appendix 5**.

Forecasts of transaction volumes






20. The annual total of property market transactions can fluctuate considerably from year to year. The survey and title fees model assumes a rise in overall demand for the services for which LINZ applies a fee. These forecasts are informed by the twice-yearly forecasts from the New Zealand Institute of Economic Research (NZIER) for key business lines for LINZ: title and notices, cadastral survey datasets, and electronic searches. For more information about the projections for transaction volumes see Figures 7 and 8 in **Appendix 5**.

² The model used is based on a detailed activity-based costing model which identified the specific costs of processing transactions and operating Landonline and the wider survey and title system.

Section 3: Review of survey and title fees

Review of funding arrangements

21. Survey and title fee revenues are lower than what is needed to cover the increased costs of the system operation and modernisation of the survey and title system. Therefore, LINZ has reviewed the fees it charges for survey and title services. The review has been conducted in line with the cost recovery guidance by the Treasury and the Office of the Auditor-General.
22. A set of five criteria to assess options for updated survey and title fees are drawn from the principles set out in the Treasury's cost recovery guidance.

	<p>Fair: Users of services should pay unless there is a good reason for them not to. Costs to be recovered should be allocated according to those who receive the service.</p>
	<p>Effective: The funding approach or method should support the reasons for the service.</p>
	<p>Efficient: The funding approach should help ensure services provide value for money. Value for money can be defined as <i>administrative</i> efficiency (that is, more of the service cannot be provided without sacrificing provision of another service) and <i>economic/allocative</i> efficiency (that is, the service provides a marginal benefit to the user equal to the marginal cost of operating that service).</p>
	<p>Sustainable: The funding approach taken must support the long-term financial sustainability of services. Reliance on Crown funding should be minimised.</p>
	<p>Transparent/predictable: There must be a clear line of sight between the service provided and the costs to be recovered. It must be clear what service the fees are being collected for, from whom, and why.</p>

23. LINZ looked at three alternative approaches to fund survey and title services and assessed each against the five criteria stated above. A fees system is fairer, more effective, efficient and transparent than the alternatives. At this time, LINZ will maintain the approach of survey and title services being funded by fees (see [Appendix 6](#)).

Options development

24. Investment in modernising Landonline and administration of property rights will result in security and efficiency benefits for all users of survey and title services.
25. LINZ has developed three options for updating the current fees, based on feasible alternatives to recover the costs of services in the survey and title fees model.
26. The development of options was informed by survey and title service user concerns that were raised in public submissions to the 2021 survey and titles fees review consultation.
27. The 2021 fees review resulted in a revised system and model where fees reflect the costs of service. It is not proposed to change this system, as it continues to be the approach that is most consistent with the Treasury guidance on setting fees and charges.
28. In addition, broader policy concerns on the cost-of-living impacts for households have informed the development of options.

Options for updated survey and title fees

Status quo – *Maintain existing fees*

29. The forecast memorandum account deficit of \$41 million by 30 June 2025 will need to be recovered (including repayment of the Crown loan and the line of credit) from the projected level of revenues of about \$90 million in 2024/25.
30. Without updated fees, rebalancing the memorandum account will require substantially reducing the investment in STEP and the costs of survey and title administration. Reducing investment in system modernisation and operation would present risks to maintaining the timeliness, quality and security of survey and title services, and would be likely to significantly degrade New Zealand's international reputation for property rights administration.

Option A – *Cost recovery update for all survey and title fees*

31. This option is the most straightforward and equitable means of apportioning the recovery of increased costs across LINZ survey and title services.

32. Differences in the updated fees will reflect the proportion of increased costs that each business area is responsible for (that is, title and notices, survey, and electronic search) and the projected volumes of transactions (see Figure 1).

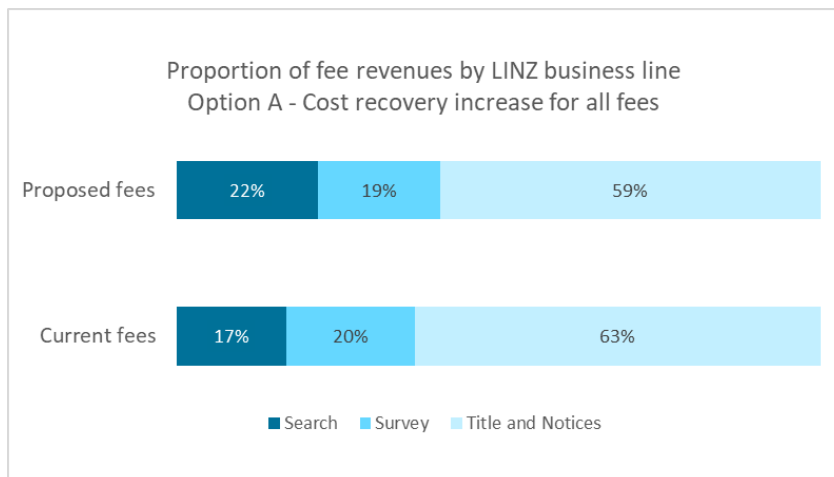


Figure 1: Option A – Cost recovery update for all survey and title fees

33. Under this option, fees will increase for all business areas. However, the proportion of total fees paid from search transactions will increase, while the proportions paid from survey and title and notices transactions will slightly decrease³. This reflects the allocation of the investment in STEP and the costs of survey and title administration.

Option B – *Limit fee rises for standard residential transactions, while still recovering the costs of investment in services over time*

34. This option would limit any rises in the existing fees for electronically registering an instrument and for creating a record of title (see Figure 2). A rationale for this approach is that it could moderate any

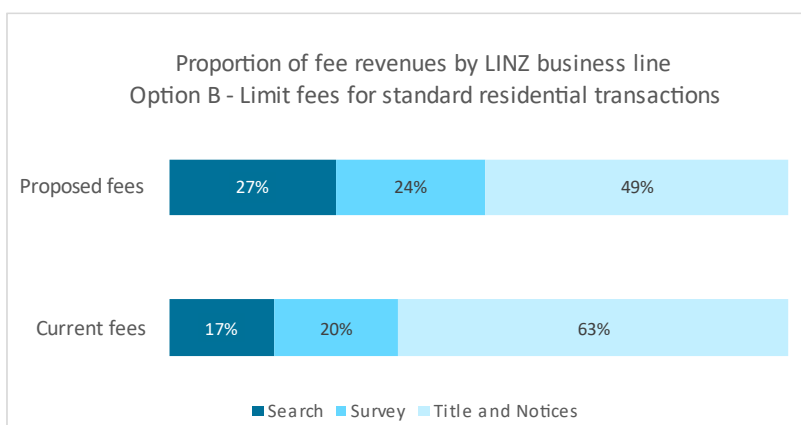


Figure 2: Option B – Limit fees for standard residential transactions

³ The increase in STEP investment means that digital business lines (particularly electronic search) have a modestly larger allocation of fee revenues (that is, from the current 17% to 22%). This leads to the proposed updated fees for search having higher proportional increases.

cost impacts for households which are involved in selling or purchasing a residential property.

- 35. This approach would substantially distort the recovery of costs, partly because 'standard' (that is, automated) transactions make up about 87 percent of current instrument and titles processing through Landonline. A consequence would be that other fees would have to rise by much more to recover increased costs.
- 36. Under this option, fees will increase for all business areas. However, the proportion of fees paid for title and notices transactions will decrease substantially, while the proportion paid from search and survey transactions will increase more than under Option A.
- 37. It is unlikely that limiting fees for simple residential transactions would result in any appreciable impact on the cost of living for households, as these fees are such a small part of the cost of buying and selling property (see Table 3).

Option C – Limit fees for manual processing of complex survey transactions

38. This option would limit any rises in the fee for determining compliance of a complex cadastral survey dataset (CSD), on the grounds that the current STEP programme will not substantially alter the requirements to manually check the compliance of CSDs (that is, people submitting these datasets will receive less benefit from the improvements to Landonline).

39. The costs of the manual checking will still rise, due to maintaining the Legacy Landonline system and the retention of expert staff. This approach would distort the recovery of costs, partly because manual checking of CSD compliance is the most expensive service provided by LINZ. Other fees would have to rise by modestly more to recover the increased costs of this manual processing (see Figure 3).

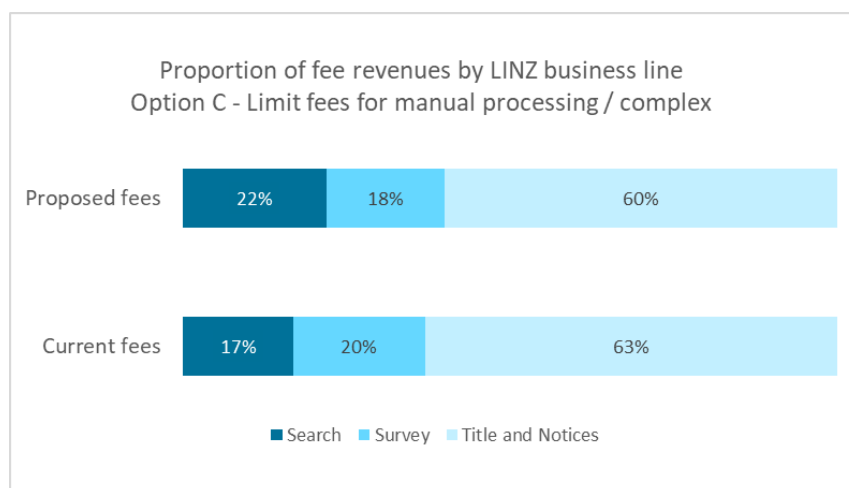


Figure 3: Option C – Limit fees for manual processing of complex survey transactions

40. Under this option, fees will increase for all business areas. However, the proportion of fees paid from survey transactions will decrease, while the

proportion paid from search transactions will increase in proportions similar to Option A.

Assessing the alternative options

41. The three options can be compared according to the five criteria informed by the guidance for cost recovery. The criteria are unweighted, and each are deemed to be of equal importance. Table 2 on the next page sets out a simple scoring of the options⁴ with reference to the analysis stated above.

LINZ recommends Option A – updating all fees

42. The criteria assessment indicates that Option A, cost recovery update for all survey and title fees, is the most consistent with the five criteria for this review. **Appendix 1** sets out a comparison of how the preferred option would affect the survey and title fees specified in the regulations.






-
- 1. Which option do you prefer for the updated fees?*
 - 2. Why is this your preferred option?*
 - 3. If you indicated none of these options, what is your preferred approach and why do you prefer this approach?*
-

Options which were not assessed

43. LINZ has not assessed an option of charging higher fees for more rapid manual processing of complex transactions. About 13 percent of titles transactions need to be manually processed by specialist LINZ staff. A risk is that charging a higher fee for rapid processing would mean that those complex transactions would be prioritised, while the costs of assessment would remain the same. This might create an incentive for all complex titles customers to pay a higher fee.
44. LINZ has also not assessed an option of providing a discount on fees for high volume users of services. This could result in the reallocation of processing costs from high volume users to the many customers who transact for just one residential property. This would not be consistent with the Treasury cost recovery guidelines for fees and charges.

⁴ This scoring does not attempt to consider the respective economic impacts, or risks, of each approach.

Table 2: Assessment of options for updated survey and title fees

Cost recovery criteria	Fee adjustment options			
	Status quo: Maintain existing fees	Option A Cost recovery update for all survey and title fees	Option B Limit fees for standard residential transactions	Option C Limit fees for manual processing of complex survey transactions
 Fair	N No change to the current system	✓ Fees would best reflect the cost of delivering services	✗ Some limited fees would not be fair for other users	✗ Some limited fees would not be fair for other users
 Effective	✗ Existing fees would be ineffective in generating the revenue required to recover increased costs	✓ This option would generate sufficient revenues	✓ This option would generate sufficient revenues	✓ This option would generate sufficient revenues
 Efficient	N Existing fees would maintain the existing level of efficiency	N A cost recovery increase for all fees would be as efficient as the current system	N Some limited fees would be less economically efficient as these would not recover the costs of providing the service	N Some limited fees would be less economically efficient as these would not recover the increased costs of providing the service
 Sustainable	✗ Existing fees would not recover increased costs, presenting a risk to the delivery of a modernised Landonline platform and survey and title administration	✓ Updated fees would recover the increased costs of delivering a modernised Landonline platform and survey and title administration	✗ Limited fees for some (high-volume) titles transactions would substantially increase fees for other transactions	N Limited fees for manual transactions (mainly for CSD compliance) would modestly increase fees for other (automated) transactions
 Transparent	N Existing fees are already stated in regulations	N Updated fees would be stated in regulations	N Some limited fees could reduce predictability of the system	N Some limited fees could reduce predictability of the system
Net scores	-2	+3	-1	0
		Rating scale key	Level to which option meets criterion	
		✓	Better for the criterion	
		✗	Worse for the criterion	
		N	Neutral for the criterion	

How will the fee proposals impact customers?

45. This section describes the potential impacts of the fee proposals. LINZ is seeking your feedback on the actual impacts of survey and title fees, and the proposed fees changes, on you, your household and/or your business.

Title service customers

46. Title service fees are ultimately paid by the person who is buying or selling a property or wanting to make some other change to their legal interests in property.
47. The conveyancing cost to a person buying or selling a property tends to range from \$1,500 to \$2,500, depending on location and the complexity of the transaction. Generally, the conveyancing cost of selling a property is around two-thirds of the cost of purchasing a property.
48. The proposed updated fees for simple residential transactions (with a mortgage) at \$117 per transfer or mortgage instrument are a small component of the total amount charged by a conveyancer or lawyer to a customer (see Table 3).

Table 3: Survey and title fees for common property transactions

Survey and title common activities*	Proposed fees (GST inclusive)	Property transaction costs (simple residential)
Registering an instrument (online)	\$117	Residential conveyancing with mortgage: typically range from \$1,500 to \$2,500 depending on location and complexity
Creating a record of title	\$160	
Determining compliance of a cadastral survey dataset	\$422 (standard) \$1,130 (complex)	Surveying residential land: minimum survey fees of \$900 to \$2,000





*Note: Discharge of a mortgage, transfer and registration of a new mortgage (DTM) would commonly involve three instrument registrations, charged to different customers. A standard residential sale and purchase would generally not require a new survey or a new record of title.

49. For households, the LINZ survey and title fees are only applied when houses are transacted. There is not believed to be a significant financial impact of fees on the value of property transactions, given fees are a very small share of house prices (REINZ report the national median house price was NZ\$790,000 for November 2023).

Survey service customers

50. Survey service fees are ultimately paid by the person wanting a survey to be done. This may be a homeowner seeking to subdivide their property, or a property developer working on a large development project. A land development will typically involve a range of costs relating to:
- surveying of the site
 - specialist reports (engineers, planners, geotechnical, traffic design)
 - preparation of a detailed resource consent application, including site plans and an assessment of environmental effects
 - council fees, including application and development impact fees
 - negotiation with council in relation to the conditions of consent
 - approval of the consent by council, including detailed conditions
 - design of access and service connections in accordance with the conditions of consent
 - LINZ survey and title fees to approve the final plans and title changes
 - installation of services (power, water, wastewater and accessways).
51. The proposed survey and title fee increases will add about \$530 to the existing LINZ fees for a simple subdivision, involving two primary parcels and three easements, and about \$2,360 to the existing LINZ fees for a more complex subdivision involving 25 primary parcels and 15 easements. These fees would be relatively minor proportions of the total land development costs (see Table 4).

Table 4: Two subdivision examples and the estimated proportions of survey and title fees

<p> An individual with their own home on an 800m² section in an urban centre would like to subdivide a portion of the land to sell.</p>  <p>Estimates for the total land development costs for this lower complexity scenario range from \$50k to \$150K</p>			<p> A developer has who has purchased a 2Ha site wishes to create a 25 lot subdivision with an average lot size of 600m².</p>  <p>Estimates for the total land development costs for this higher complexity scenario range from \$1.6m to \$2.5m</p>		
Costs	\$0.05 to \$0.15 million		Costs	\$1.6 to \$2.5 million	
LINZ fees	\$1,850 (current)	\$2,380 (proposed)	LINZ fees	\$9,430 (current)	\$11,790 (proposed)
Proportion	1.2% to 3.7%	1.6% to 4.8%	Proportion	0.4% to 0.6%	0.5% to 0.7%

Search customers

52. A wide range of different customers uses LINZ search services relating to survey and title information. Most searches are made as part of survey lodgements and title dealings, and the search fee (currently \$6 per electronic search) is a low proportion of the cost of these transactions. The proposal is to raise this fee to \$9 for each electronic search.



Māori landowners

53. Te Ture Whenua Māori Act 1993 governs the sale of collectively owned land (Māori freehold land), and this legislation is administered by the Māori Land Court.
54. Māori freehold land transactions are a small fraction of the title instruments processed by LINZ, accounting for between 0.5 percent to 0.7 percent of all instruments processed each year from 2018 to 2023.
55. LINZ does not charge Land Transfer Act fees for registering Māori Land Court orders relating to Māori freehold land, because the orders are exempt under section 123(4) of Te Ture Whenua Māori Act 1993.
56. Transactions (such as transfers, leases, mortgages and easements) affecting general land owned by Māori are not exempt from fees.
57. Survey processing fees for cadastral survey datasets (CSD) are applied if a parcel of Māori freehold land is surveyed, and would be additional to the charge by the surveyor. LINZ receives about 20 Māori freehold land CSDs each year.
58. There are survey requirements in the Marine and Coastal Area (Takutai Moana) Act 2011. Section 109(4)(a) of that Act states that every customary marine title order must include a survey plan that sets out the extent of the customary marine title area. LINZ maintains a [Marine and Coastal Area Register](#).
59. LINZ is interested in updating and expanding our understanding of the extent to which survey and title fees may affect decisions by Māori landowners. For context, a series of recent reports (including by [Business and Economic Research Ltd](#), and [Statistics New Zealand](#)) have set out the growing value of the Māori economy and land assets.

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4. *What impact could the proposed updated fees have on you, your household or your business? (You can provide evidence of the impacts if you want to, such as an estimate of costs.)*
 5. *What do you think the wider impacts of the proposed updated fees could be for your industry or for households?*
-

Section 4: Next steps and implementation, monitoring and review

60. LINZ welcomes your written submissions on the proposals discussed in this document. Please provide your feedback by **11.59pm on Friday 7 June 2024**. Instructions on how to make your submission can be found in the next section.
61. LINZ will hold consultations with key professional organisations and other stakeholders to identify issues and gather feedback.
62. If you would like to meet with us in person or by video call to talk about the contents of this document, or other matters relating to third-party funding of survey and title services, then please email **feesreview@linz.govt.nz**.
63. All submissions received within the timeframe will be considered and used to inform advice to Government on these proposals. LINZ will not publish individual submissions. Submissions will be summarised and any statements will not be attributed to individuals or organisations.

Implementation

64. LINZ will consider the submissions and develop final proposals. The proposals will then go to Cabinet for approval. If they are approved, they will form the basis of new regulations. LINZ is aiming to have the new fees in force in 2024/25, and will ensure the implementation is notified in advance.
65. The proposals for updated fees and the associated implementation process has been designed to take account of known issues and risks. LINZ has recent experience implementing changes to survey and title fees, and will draw on the lessons learned from this to support the implementation of the new fees.

Monitoring and review

66. LINZ regularly assesses the level of survey and title fee revenues, including through monthly monitoring. A further review of fees would be undertaken after the scheduled completion of STEP and the release of the full capability of the modernised Landonline platform.

6. *Do you have any additional comments on the survey and title fees system?*

Section 5: How to have your say

Submissions process

This discussion document is published on www.linz.govt.nz/consultations.

If you wish to give feedback on the proposals for updated survey and title fees, please send a submission by email to feesreview@linz.govt.nz.

Alternatively, you may wish to complete a survey on the LINZ website.

Submissions close at **11.59pm on Friday 7 June 2024**.

Please include the following information in your submission:

- your organisation's name (if you are submitting for an organisation)
- your contact details (such as phone number and/or email address).

LINZ encourages you to address the following questions in your submission. Your submission can respond to any or all of these questions.

1. Which option do you prefer for the updated fees? (See Section 3 for details on each option.)
 - Option A: Cost recovery update to all existing survey and title fees.
 - Option B: Limit fees for standard residential transactions.
 - Option C: Limit fees for manual processing of complex transactions.
 - None of these options.
2. What are the reasons for your preferred option?
3. If you indicated none of these options, could you describe your preferred approach and your reasons for preferring this approach?
4. What impact could the proposed updated fees have on you, your household or your business? (You can provide evidence of the impacts if you want to, such as an estimate of costs)
5. What do you think the wider impacts of the proposed updated fees could be, for your industry or for households?
6. Do you have any additional comments on the survey and title fees system?

Privacy of submissions

Submissions are official information and may be the subject of requests under the Official Information Act 1982 (OIA). The OIA specifies that information is to be made available to requesters unless there is a good reason for withholding it.

All submissions received within the timeframe will be considered and used to inform advice to Government on these proposals. LINZ will not publish individual submissions. Submissions will be summarised and any statements will not be attributed to individuals or organisations.

Submitters may wish to indicate grounds for withholding specific information contained in their submissions, such as where they consider information is commercially sensitive or they wish personal information to be withheld.

LINZ will consider these requests in accordance with the provisions of the OIA. Should LINZ decide to withhold information on request, any such decision is subject to review by the Ombudsman.

Appendix 1: Options for updated fees

The figures for the options for updated fees shown in Table 5 have been rounded to the nearest dollar and include Goods and Services Tax (GST) of 15%. The highlighted fees in Options B and C would be unchanged from the current fees. 'CSD' is a cadastral survey dataset.

Table 5: Three options for updated survey and title fees as stated in regulations

Fee description in relevant regulations. Note that the authorising legislation is:	Current fees (including GST)	Forecast average annual volume of transactions	Option A: Cost recovery update for all survey and title fees	Option B: Limit fees for standard residential transactions	Option C: Limit fees for manual processing of complex survey transactions	Recommended Option A - Percentage change in fees from current fees
Land Information New Zealand (Fees and Charges) Regulations 2003: Part 3 Searches for cadastral data						
For providing a copy of a survey plan via an approved electronic facility	\$6	3,131,970	\$9	\$11	\$9	50%
For manually providing a copy of a survey plan (or records)	\$25	1,620	\$53	\$66	\$55	112%
Cadastral Survey (Fees) Regulations 2003: Schedule 2 Fees						
<i>Part 1 Determining compliance with standards and integrating new cadastral surveys into cadastre</i>						
1 CSD with survey information that creates 1 or more parcels	\$850	10,130	\$1,130	\$1,400	\$850	33%
2 CSD without survey information that creates 1 or more parcels	\$550	2,000	\$643	\$796	\$656	17%
3 CSD without survey information for a unit title development*	\$310	450	\$422	\$522	\$310	36%
4 CSD for a cross-lease*	\$230	310	\$313	\$387	\$319	36%
5 CSD for a simple boundary reinstatement survey*	\$105	530	\$143	\$177	\$146	36%

6	CSD for a complex boundary reinstatement survey	\$850	In 1 above	\$1,130	\$1,400	\$850	33%
7	CSD of survey information that does not place a boundary mark or create a parcel	No fee	-				No change
8	Each parcel that is (a) a primary parcel; or (b) a parcel for a lease that is not defined by permanent structure boundaries	\$100	60,110	\$138	\$171	\$141	38%
9	Each non-primary parcel not defined by permanent structure boundaries	\$60	97,370	\$80	\$99	\$81	33%
10	Each non-primary parcel defined by permanent structure boundaries	\$75	14,160	\$112	\$139	\$114	49%
Part 2 Auditing compliance with standards							
For subsequent auditing of compliance with standards ... after an initial audit has found non-compliance		\$161 per hour	-	\$254 per hour			58%
Land Transfer Regulations 2018: Schedule 7 Fees							
Part 1 Search fees							
For providing a copy of - A grant, certificate of title, or computer register; or	Electronic	\$6	See top row	\$9	\$11	\$9	50%
	Other	\$25	-	\$53	\$64	\$55	112%
A lease or licence registered or recorded in the register in accordance with the Land Act 1948; or	As above		-	As above			
A record of title showing only current information; or			-				
A record of title showing current and historical information; or			-				
Any other instrument			-				
For providing a copy of structured text of an instrument	No fee	-	No fee			No change	
For certifying a copy of a record of title or an instrument	NA	-					

Updating fees for survey and title services

<i>Part 2 Registration and other fees</i>							
For receiving, registering, noting, or depositing an instrument	Electronic	\$90	662,360	\$117	\$90	\$119	30%
	Other	\$180	1,570	\$234	\$289	\$238	30%
For depositing a plan	Either	\$150	14,560	\$177	\$219	\$181	18%
For creating a record of title	Either	\$145	74,470	\$160	\$198	\$164	10%
For approving a format or memorandum	Either	\$80	-	\$97	\$80	\$101	21%
For giving public notice if required for an application	Either	\$450	-	\$545	\$557	\$549	21%
For each notice sent to a person if required ... under section 42 of the Property (Relationships) Act 1976	Either	\$6	870	\$9	\$11	\$9	50%
For alterations to a record of title, including cancellations		\$161/hour			\$254/hour		58%
<i>Part 3 Audit fees</i>							
Examining evidence provided to the Registrar under section 30(3)(a) of the Act if the evidence satisfies the requirement in section 30(1) of the Act	No fee		-		No fee		No change
Examining evidence provided to the Registrar under section 30(3)(a) of the Act if the evidence does not satisfy the requirement in section 30(1) of the Act	\$161/hour plus expenses		-		\$254 per hour plus expenses		58%
Requiring a statutory declaration under section 30(3)(b) of the Act	\$161/hour plus expenses		-		\$254 per hour plus expenses		58%
Any other actions relating to the audit of a certification...a power under section 29 of the Act	\$161/hour plus expenses		-		\$254 per hour plus expenses		58%

*Note that given the forecast small volumes for these transactions, a proportional increase has been applied to maintain relative consistency of the fee levels.

Appendix 2: The property rights system

LINZ administers and regulates the property rights system, which provides New Zealanders with certainty regarding their land ownership and related rights and responsibilities. Certainty of land ownership is underpinned by government land registration which guarantees title, also known as the 'Torrens system'. The legal guarantee of title also ensures compensation, for example for any administrative error or for system failure.

LINZ is responsible for the administration of the Land Transfer Act 2017 and the Cadastral Survey Act 2002 (amongst other legislation). LINZ's core function of providing property rights administration ('survey and title') services is funded from fees. New Zealand's survey and title system is world-leading in both efficiency and quality (see [Appendix 3](#)).

The property rights system is made up of three systems as outlined in Figure 4. These systems build on each other. For example, titles are issued when a parcel of land has been surveyed, which is made possible by defining parcel boundaries with reference to the geodetic positioning system.

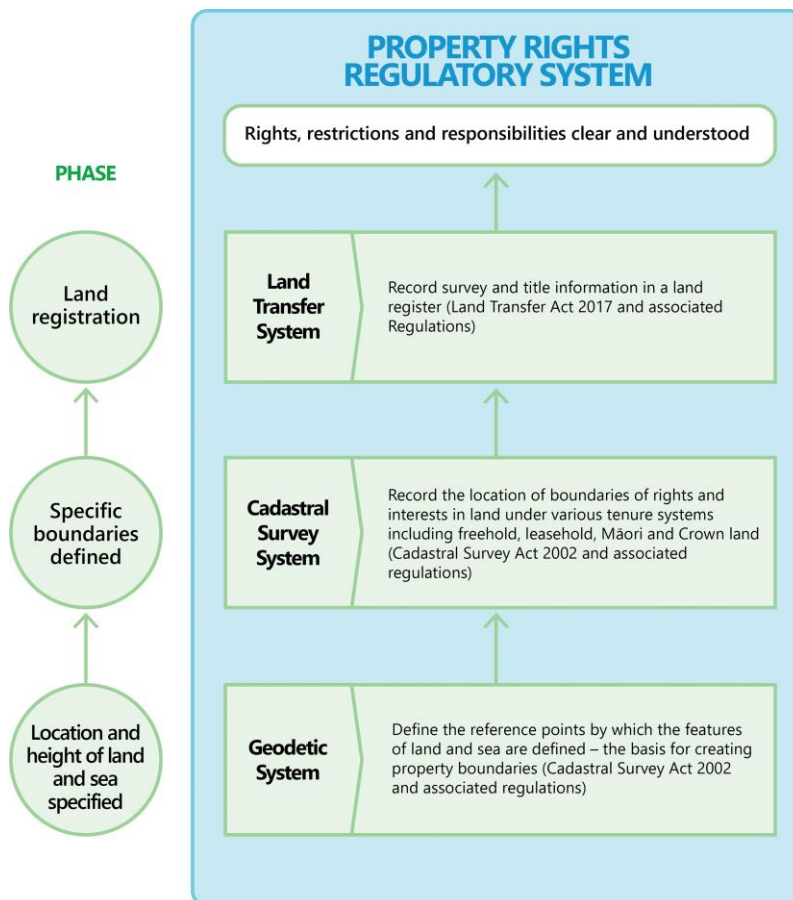
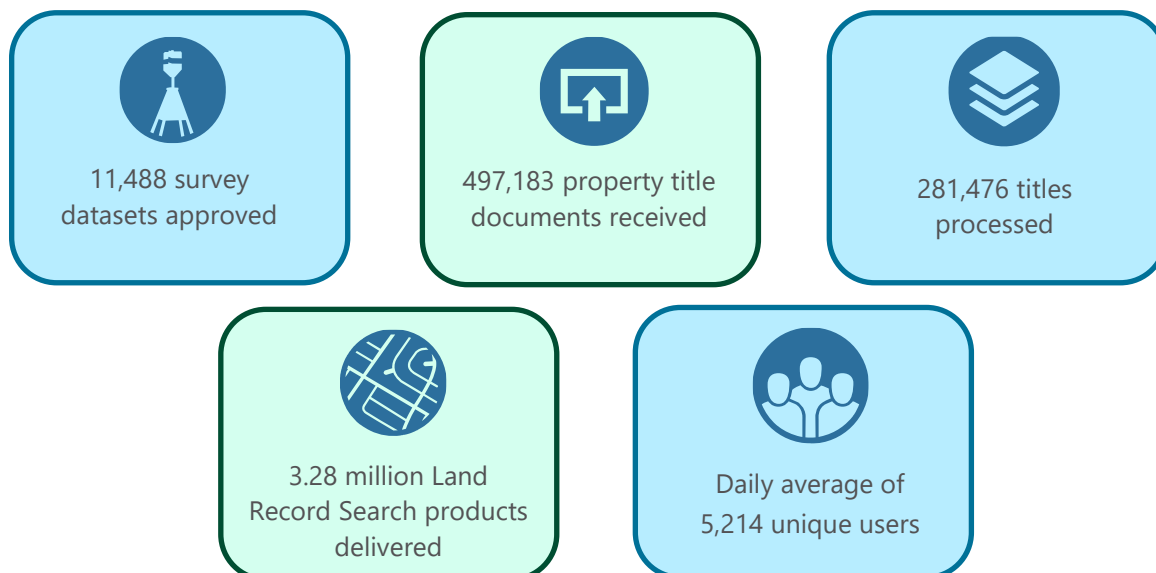


Figure 4: The property rights regulatory system

Collectively owned Māori land (whenua Māori) and Crown-owned land are based on the same three systems but have different forms of administration.

The property rights system by the numbers: July 2022 to June 2023



Participants in the property rights system

The official records of all land titles ('land register') and surveys ('cadastre') are held and administered electronically through a technology platform called Landonline. Landonline is accessed directly by:

- lawyers and conveyancers, who register land transfers, mortgages and other conveyancing transactions (including leases, easements, land covenants and other interests)
- surveyors, who lodge cadastral survey datasets (CSDs) to define new parcels as subdivisions, and to redefine boundaries when required
- real estate agents, valuers, developers, banks and other lenders, law enforcement agencies, and government organisations which require access to authoritative land information for business purposes.

Certain information in Landonline, such as records of title, is available to the public online through the LINZ Land Record Search (known as 'electronic search').

LINZ charges fees for survey and title services to allow the organisation to maintain and improve the system and provide support to customers (see later sections for more information). Professional users of the system, such as lawyers, conveyancers and surveyors, generally pay these fees, then invoice their clients for the cost.

Ultimately, everyone who owns property in New Zealand is a participant in the property rights system, which allows them to confidently own, use, buy and sell property safely and securely.

Case studies

John is a property developer. He wants to subdivide a section he owns and build townhouses. He engages a survey firm to undertake the subdivision of the sections, and a law firm to create the new land titles. Both firms use Landonline to lodge their documents, and pay fees to LINZ for this service. Once the work is complete, the firms invoice John for the cost of their services including the fees charged through Landonline.

Wenhua wants to sell her first home so she can upgrade to a bigger house in a new area. She engages a solicitor to complete the sale. The solicitor undertakes the transactions required to change the title through Landonline and is charged fees for this service. The solicitor invoices Wenhua for their conveyancing services, including the fees charged for the title service.

Jake has a beach house that he uses on weekends. He recently got a dog and wants to build a fence around the property. Jake wants to make sure he knows where the boundary pegs are before he begins to build. He goes to LINZ Land Record Search to find his property title and survey plan. He enters his payment details and email address, and the documents are in his inbox within a few minutes.

Komal is sick of driving down her bumpy gravel driveway and wants to replace it with a new concrete one. The new driveway will run near the neighbours' property, where currently the only boundary marker is a hedge. Komal hires a local surveyor to make sure she knows where she can build. The surveyor has to place some new boundary pegs, and uses Landonline to lodge the resulting survey information. They invoice Komal for the cost of their services, including the fees charged through Landonline.

Anahera is a trustee of a Māori whenua incorporation seeking a Māori Land Court order. A surveyor is hired to survey a parcel of whenua owned by the incorporation. The surveyor invoices the incorporation for the cost of their services, including the LINZ survey fee. LINZ does not charge title fees for registering Māori Land Court orders relating to Māori freehold land.

The value of survey and title services

Survey and title services facilitate the secure and efficient creation and exchange of title, and other change to a person's ownership or interests in land, including boundary changes.

	<p>The official guarantee of secure title provides security of ownership, and greatly reduces the risk of boundary disputes (that is, who owns what land).</p> <p>Secure title can also be used as financial security for loans. A bank is more likely to lend to a person if the bank is confident that person is the rightful owner of a property. This security then enables broader private investment and economic activity for New Zealand.</p>
	<p>Efficient services reduce the costs of buying, selling or changing rights in land (compared to a situation with no registration and recording of survey and title information). A central registration system enables property rights to be verified through an online search and makes it more straightforward for a solicitor or conveyancer to change owners or rights online.</p> <p>If the survey and title records were not held electronically and made easily available, people would need to spend more time carrying out their due diligence on a property purchase. Additionally, many survey and title services would have longer processing times.</p>
	<p>The residential and commercial property markets are dependent on clear and legally guaranteed title to property⁵</p> <p>Title to land is guaranteed by the state and underwritten by the Land Transfer Act compensation regime. Landowners are protected in the event of loss due to title fraud or registration error. In countries (such as the USA) where there is no state guarantee, then landowners need to purchase title insurance. In the absence of the state guarantee, it has been estimated that title insurance would cost New Zealanders \$246 million each year⁶.</p>

⁵ There are now over 2.3 million live property titles recorded on the land title register, and 2.6 million land parcels in the official cadastre administered by LINZ. As of September 2023, the total value of housing stock in New Zealand was \$1.59 trillion, and as of June 2021 there were an estimated 1,963,200 private dwellings ([Reserve Bank key statistics](#)).

As of November 2023 the national median house price was \$790,000 ([Real Estate Institute of New Zealand](#))

In 2023, the commercial property market (in terms of revenue, not asset value) was estimated to be worth \$36 billion ([Commercial Property Operators in New Zealand - Market Size | IBISWorld](#)).

In addition to the value of property, the construction industry and the real estate service sector also generate considerable economic activity and employment.

⁶ LINZ [Modernising Landonline](#) business case (October 2018), pages 40 and 82.

How LINZ provides survey and title services

How LINZ provides survey and title activities can be divided into two broad categories.

System maintenance is what keeps the survey and title system running smoothly. It includes maintaining the geodetic system and the cadastre, regulating and auditing LINZ's internal systems and licensed surveyors, and the development and maintenance of Landonline.

Customer services is how LINZ provides customers with the ability to understand their property rights, and to buy, sell and mortgage their property. This includes providing secure and reliable access to Landonline and enabling registered customers to enter and change information in Landonline. LINZ then provides survey and title information, including through the LINZ Data Service, to help people make decisions involving property rights. Fees are charged for specific customer services according to regulations.

Why survey and title services are fee-funded

LINZ applies a set of fees for survey and title transactions to recover the costs of operation. These fees are authorised in the relevant legislation and laid out in three sets of regulations. **Appendix 1** states the current fees.

Based on the value of property, the users of survey and title services (such as property owners, developers, sellers and purchasers) receive a substantial economic benefit from the services which LINZ provides. The economic characteristics of survey and title transactions are that they are 'private goods', meaning that the people who use the services gain benefits from it that non-users do not. This rationale is consistent with the considerations stated in the *Treasury Guidelines for Setting Charges in the Public Sector* (2017).

Survey plans, conveyancing instruments and secure title are specific to owners of the property and provide a substantial economic benefit. There is a strong case for recovering the costs of a private good from those who benefit from it.

If survey and title services were not funded from fees, then the feasible alternatives would be Crown funding or some form of levy system.



Appendix 6 sets out a narrow assessment of three alternative funding approaches.

Fees are a very small part of residential investment

LINZ survey and title fee revenues in 2022/23 were \$77.9 million. For the year ended 30 June 2023, a total of 64,071 house sales were recorded and the total real residential investment was \$17.1 billion.⁷ On this comparison, the survey and title fees amounted to less than 0.5 percent of real residential investment for the year.

Appendix 4 gives a summary of how survey and title fees revenue and operating expenses have changed over time.

Survey and title administration in New Zealand is efficient

	<p>New Zealand's survey and title system is world-leading in measures of both efficiency and quality. The World Bank ranked New Zealand's administration system as fourth best in the world in the 'time required to register property', taking an average of 3.5 days.</p> <p>New Zealand's system rated higher than both Australia and the average of high-income OECD countries (see Appendix 3).</p>
	<p>New Zealand's system is operated at a substantially lower per person cost than comparable systems in Australian states, and charges fees for the most common property transactions that are substantially lower than those charged by Australian states⁸.</p>
	<p>About 87 percent of titles transactions can be issued through Landonline, with processing that is automatic and immediate.</p> <p>The other 13 percent are manually processed. These are complex transactions, usually subdivision developments.</p> <p>On average in 2022/23, LINZ took 11.18 working days to process compliant manual title transactions.</p>
	<p>Cadastral survey datasets need to be manually checked for compliance by specialist LINZ staff. On average in 2022/23, LINZ took 10.12 working days to approve compliant cadastral survey datasets.</p>

⁷ [RBNZ Housing \(M10\) data series](#)

⁸ For example, the LINZ fee to discharge a mortgage is \$90, whereas similar fees in Australia range from A\$188 to A\$224.

The Survey and Title Enhancement Programme is modernising Landonline

The Landonline platform is over 20 years old and is no longer suitable for modern customer and security requirements. In October 2018, the Government approved the [Programme Business Case](#) for modernising Landonline. The modernisation project is known as the Survey and Title Enhancement Programme (STEP).

One of STEP's major benefits is reduced risk to the system. STEP will upgrade the technology that underpins Landonline, ensuring that it continues to be robust by minimising the risk of the service going down and maximising protection from cyber attacks. These improvements will ensure that New Zealanders can continue to place their trust in the property system.

Another major benefit of the new system will be increased flexibility to meet customer needs. The current system is slow to respond to changing requirements, while the new system will be much easier to update. The new system has already allowed the introduction of several new services, including the ability for everyday New Zealanders to search and access titles and their associated documents through [Land Record Search](#).

Other benefits include property developers and other businesses being able to transact property quickly, resulting in lower wait times and associated costs, faster development of property, and associated reputational benefits of New Zealand having a world-class property system.

The 2018 Programme Business Case for STEP stated that survey and title fees would be reviewed in order to fully cost recover, as well as to align to when users will receive the quantified benefits associated with the investment⁹.

Financial efficiency and customer satisfaction

An independent analysis of benefits realisation has found that STEP remains on track to fully meet its anticipated benefits, and is likely to exceed them.

One of the benefits is to provide financial efficiency savings of \$124 million for users of automated property transaction and mortgage notifications services over the STEP 12 year whole-of-life period to 2030. As of July 2023, \$89.4 million of that goal has been met. So far these efficiency savings have been achieved for territorial authorities, financial institutions and lawyers/conveyancers.

LINZ undertakes annual surveys of around 600 randomly selected Landonline users to measure satisfaction with services. Both the 2022 and 2023 surveys found

⁹ LINZ [Modernising Landonline](#) business case (October 2018), pages 52 and 53

high levels of satisfaction, significantly above the baseline level. Positive responses for New Landonline were higher than for Legacy Landonline.

The costs of modernising Landonline

Over the STEP whole-of-life period to 2030, the total capital expenditure is to be \$175.7 million, and the operating expenditure will be \$76.1 million. The STEP capital expenditure is mainly funded from the \$103 million allocation to the programme in Budget 2018¹⁰ (repayable over 10 years).

In July 2022, the Minister for Land Information [provided advice to Cabinet](#) that STEP will incur \$72 million in additional capital and operating costs, and involve a longer delivery to 2026¹¹. LINZ did not seek any additional Government funding for the STEP programme.

The increase in expenditure is largely due to the [tight labour market conditions](#) experienced across the information technology sector. These conditions led to high workforce turnover and had a significant adverse impact on productivity, so delivery timeframes were pushed out.

High turnover has also increased the STEP programme's overall costs. These include maintaining the Legacy Landonline platform for longer than was originally anticipated.

New products delivered so far

New products and services have been continuously developed, piloted and released since April 2019.

Significant parts of the modernised system are now available to conveyancers and surveyors, with successful releases of new property title transaction instruments (in October 2022 and March 2023) and survey services (in March 2023). LINZ releases public reports on progress on delivering new and improved services to users.¹²

The following products have been released through the STEP programme so far.

- **New Landonline – Dealings** enables property lawyers and conveyancing practitioners to complete almost all sale and purchase transactions.
- **Notice to Mortgagee** automatically provides lenders (banks) with mortgage registration information from Landonline.

¹⁰ Reference: CAB-18-MIN-0158.18, 9 April 2018

¹¹ Reference: GOV-22-MIN-0026, 4 August 2022

¹² [STEP progress updates about modernising Landonline | Toitū Te Whenua - Land Information New Zealand \(linz.govt.nz\)](#)

- **Notice of Change of Ownership** automatically provides councils with up-to-date property ownership information from lawyers and conveyancers, greatly simplifying administration and ensuring accuracy.
- **Web Search** makes it easy for registered customers to find and order land records, using any device from any location.
- **Land Record Search** enables the public to search for and buy property records directly, and have the records emailed to them. In the year ended 30 June 2022 a total of 127,263 records were ordered online, which is a 350% increase from the previous annual average of manual transactions.

In March 2023 LINZ released a modernised '**survey capture**' feature to all registered survey customers, after a successful pilot. This allows surveyors to capture data and upload a cadastral survey plan to the new Landonline platform.

Pātaka Whenua

Pātaka Whenua is a new Māori Land Court portal. LINZ has worked with the Māori Land Court to upgrade Māori Land Online, a website which was originally launched in 2004.

The site draws on Landonline data and provides a snapshot of current ownership, trustee, memorial and block information for land that falls within the jurisdiction of the Māori Land Court under Te Ture Whenua Māori Act 1993 and other legislation. The [Pātaka Whenua](#) portal is a major upgrade to the presentation of titles data on existing land trusts and blocks.

Appendix 3: Comparable survey and title systems

New Zealand ranks very highly internationally in the provision of e-government services and participation. Landonline is part of New Zealand's e-government.

The World Bank has ranked New Zealand's land administration system as fourth best in the world for 'Time required to register property', at an average of 3.5 days. New Zealand's system was rated higher than both Australia and the average of Organisation for Economic Co-operation and Development (OECD) high-income countries.

Table 6: World Bank ratings of land administration

Indicator	Definition	New Zealand	Australia	OECD high-income country average
Procedures (number)	Total number of procedures legally required to register property	2	4	5
Time (days)	Total days required to register a property	3.5	4.5	23
Quality of the land administration index (0 to 30, higher values are better)	The quality of the index has five dimensions: <ul style="list-style-type: none"> reliability of infrastructure transparency of information geographic coverage land dispute resolution equal access to property rights. 	26.5	19.5	23.2

Source: The World Bank, Doing Business project (2019 data only).

LINZ survey and title administration costs and fees can also be compared with the systems in Australian states, which also uses the 'Torrens system' of land title registration. Australian states with the following features are compared in Tables 7 and 8:

- the provider is a government agency with delivery functions, rather than a private business
- the provider's system includes a survey function, including plan lodgement.

Table 7: Funding comparison of New Zealand and Australian survey and title service providers

	New Zealand	Queensland	Tasmania	Victoria
Service name and agency name	Land Information New Zealand	Land Services, Department of Resources	Land Tasmania, Department of Natural Resources and Environment	Land Use Victoria, Department of Energy, Environment and Climate Action
Survey and Title function spend in FY 2021/22	NZ\$78.95 million	A\$160.97 million	A\$13.88 million*	A\$287.06 million**
Estimated population as at December 2022	5,157,000	5,378,000	572,000	6,704,000
Survey and title spend per capita	NZ\$15.31	A\$29.93	A\$24.26	A\$42.81

*Department of Natural Resources and Environment Tasmania, Annual Report 2022 - Land Titles, Survey and Mapping Services (page 85)

**Department of Environment, Land, Water and Planning, Annual Report 2022 - Land Use Victoria (page 214). Note that Department names can often change from year to year.

Table 8: Fees comparison for New Zealand and Australian survey and title service providers

All figures include Goods and Services Tax	New Zealand		Queensland (Titles Queensland)	Tasmania (Land Tasmania)	Victoria (Land Use Victoria)
	Existing (electronic only)	Proposed in this document			
Title/instrument search	NZ\$6	NZ\$9	A\$19.06	A\$35.60	A\$8.70
Discharge of mortgage	NZ\$90	NZ\$117	A\$224.32	A\$188.68	A\$118.90
Instrument transfer	NZ\$90	NZ\$117	A\$224.32	A\$233.18	A\$105.70
Survey plan that creates 1 or more parcels	NZ\$850	NZ\$1130	A\$448.65	A\$988.79	A\$665.90

Appendix 4: Trend of survey and title fee revenues

Previous changes to survey and title fees

In March 2021, LINZ began [public consultation](#) on a review of survey and title fees. Following a report on the results of consultation, [Cabinet approved](#) the new fees.¹³ The new fees came into effect on 1 February 2022.

Total fees revenue has declined

From 2020/21 to 2022/23, total operating revenue from survey and title fees declined from \$81.0 million to \$77.9 million. From 2021/22 to 2022/23, operating expenses rose from \$78.9 million to \$91.4 million.

Titles fee revenues provide the majority of revenues (59 percent in 2022/23). Survey fee revenues more than doubled from 2017/18 to 2022/23. Search fee revenues have been broadly consistent from 2017/18 to 2022/23 (see Figure 5).

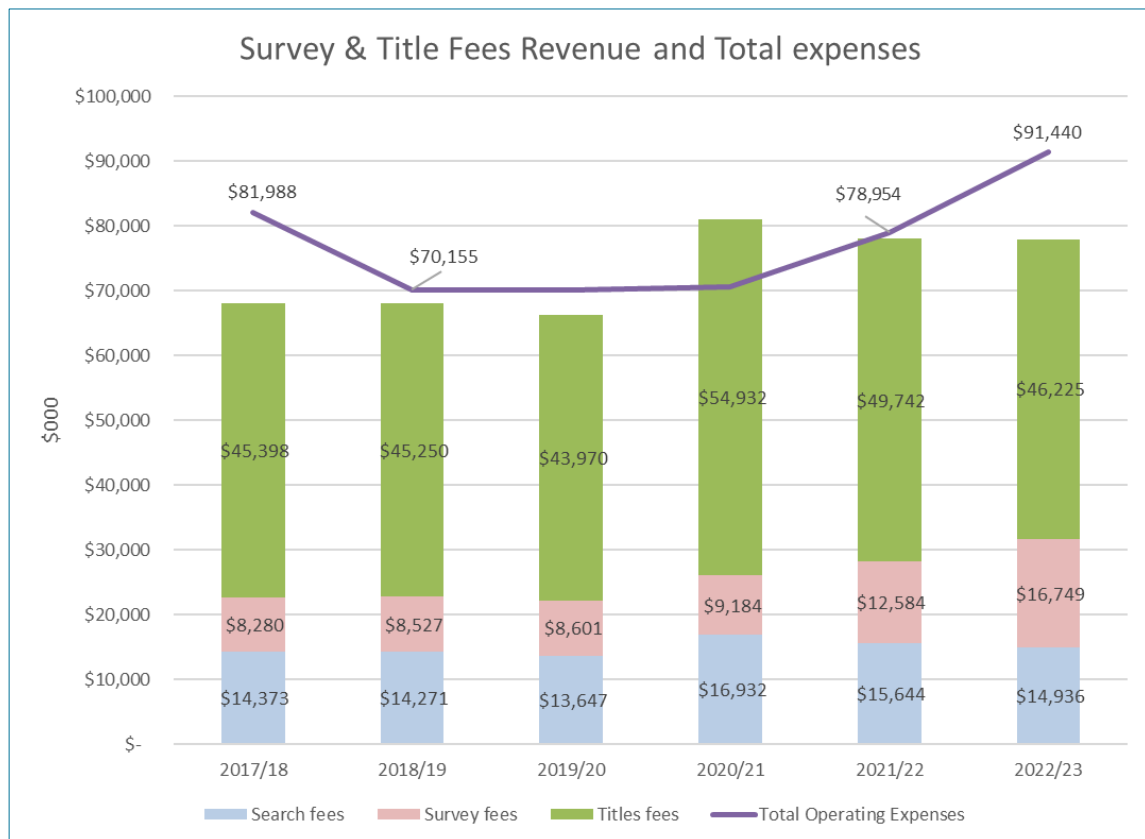


Figure 5: Survey and title fees revenue and expenses, 2017/18 to 2022/23

¹³ Reference: DEV-21-MIN-0127, 14 June 2021

Appendix 5: Forecast expenses and revenues

The fees model

The 2021 survey and title fees review was based on a detailed activity-based costing model, which identified the specific costs of processing transactions and operating Landonline and the wider survey and title system.

LINZ has updated this model with revised costs of survey and title administration, including the forecast increased expenses of modernising Landonline and the repayment of the Crown loan, and the line of credit.

The fees model calculates the level of cost recovery that is needed from survey and title fee revenues over the period from 2024/25 to 2034/35. A 10-year recovery period is used in the fees model, assuming average annual fee revenues of \$135 million following the introduction of updated fees.

LINZ has also considered a five-year recovery period, which would require annual fee revenues of \$146 million in order to return the survey and title memorandum account to a nil balance.

On balance, LINZ recommends a 10-year recovery period to address concerns of affordability, equity (for fee payers) and predictability of fee levels. LINZ will undertake a further review of survey and title fees after the completion of STEP.

Forecast survey and title expenses

Based on a 10-year recovery period, the LINZ fees model has forecast average annual fee revenues of \$135 million to recover increased costs, from July 2026. These estimated revenue requirements result directly from increases in STEP delivery operating expenditure, depreciation (including repayment of the Crown loan of \$103 million), and for digital delivery services.

Figure 6 presents the flow of revenue and expenses over time, with expenses broken down by the LINZ cost categories. The solid black line indicates fees revenue. This rises sharply from July 2025 as revenues increase from a forecast \$90 million in 2024/25 to \$135 million by July 2028. The red dashed line shows the forecast level of fee revenues if fees are not updated.

The blue dashed line indicates the balance of the survey and title memorandum account, forecast to have a deficit of \$41 million by July 2025. The red dotted line shows the deficit would be \$106 million by July 2027 if fees are not updated.

Following the introduction of updated fees, the forecast balance of the memorandum account returns to a nil balance by July 2035.

The coloured rows in the figure show the cost categories. Depreciation peaks in July 2027 and then reduces as the Crown loan of \$103 million is paid back. New Landonline shows rising operating expenditures from July 2027 as the programme moves into ongoing delivery and maintenance of the platform.

Indirect LINZ services reflect a standard attribution of the costs of corporate services and facilities according to the number of staff employed in STEP, Digital Delivery, Legacy Landonline, and property rights operations. There are inflation forecasts in the expenditures informed by the Treasury’s [Economic and Fiscal Update](#) released on 12 September 2023.

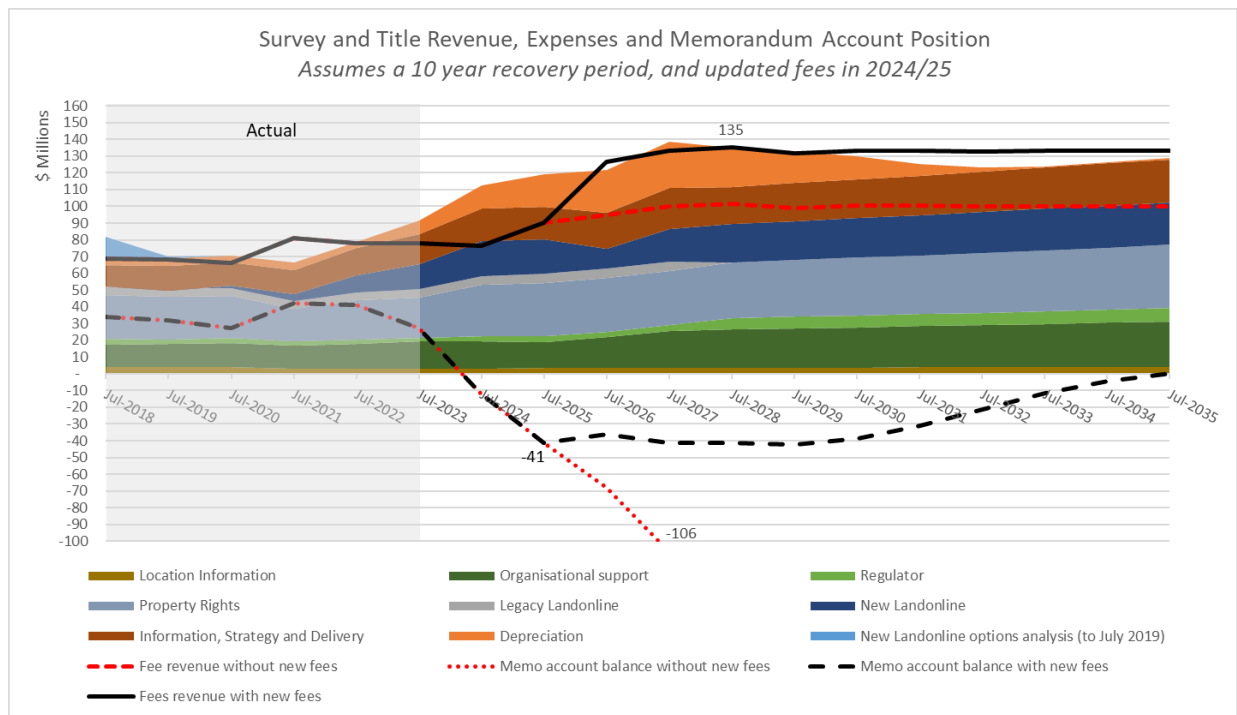


Figure 6: Actual and forecast annual survey and title fee revenues, operating expenses, and memorandum account position

The fees model allocates the required fee revenues to the main business lines (titles, survey, and electronic search) based on the costs of delivering the services. Consequently, changes to costs in different parts of LINZ operations can result in changes to the costs of business lines.

The increase in STEP investment means that digital services (particularly electronic search) have a larger allocation of fee revenues. This leads to the proposed updated fees for titles and search having higher proportional increases than the increases proposed for survey fees.

Forecasts of transaction volumes

The fees model calculates revenue based on forecast transaction volumes.

The survey and title fees model assumes a rise in demand over time for the services for which LINZ applies a fee. These forecasts are informed by the twice-yearly forecasts from the New Zealand Institute of Economic Research (NZIER) for key business lines for LINZ: title and notices, cadastral survey datasets (CSDs), and electronic searches.

For title and notices, NZIER forecasts a recovery in volumes over 2024 following a decline reflecting the higher interest rate environment. Over the longer term, NZIER expects migration-led population growth to underpin demand for property.

Although there is a modestly lower starting point for CSDs, NZIER has revised up the outlook as migration-led population growth supports a recovery in demand. Demand for electronic searches fell sharply in early 2023 as the increase in interest rates reduced housing demand. NZIER expects demand to recover over 2024.

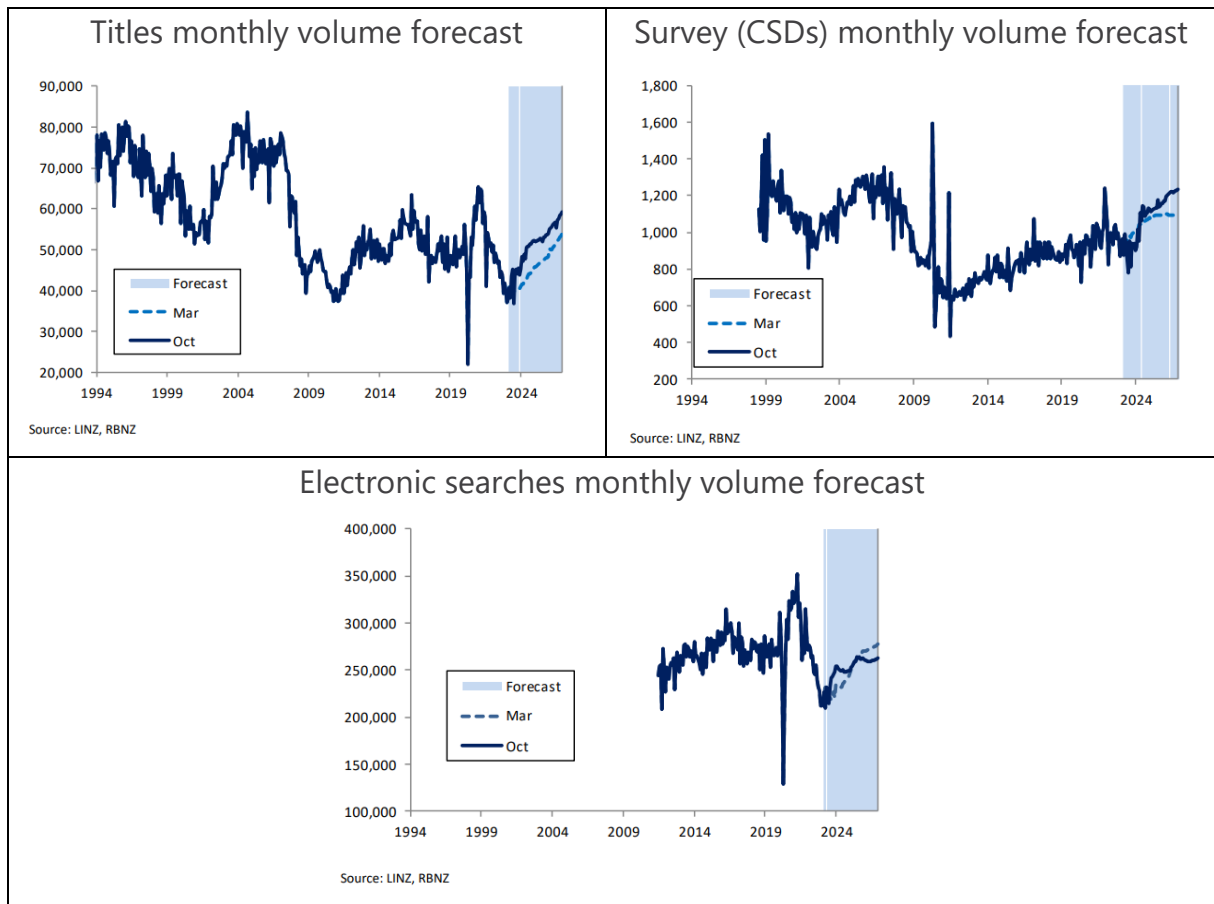


Figure 7: NZIER forecasts for LINZ business line volumes, as at October 2023

LINZ has applied the NZIER forecasts as part of the fees model.

- For title and notices, total transaction volumes are projected to rise from 497,513 in 2022/23 to 720,000 in 2027/28.
- For survey (CSDs), total transaction volumes are projected to rise from 11,865 in 2022/23 to 14,400 in 2026/27.
- For electronic searches, total volumes are projected to rise from 2,750,463 in 2022/23 to 3,180,000 in 2027/28.

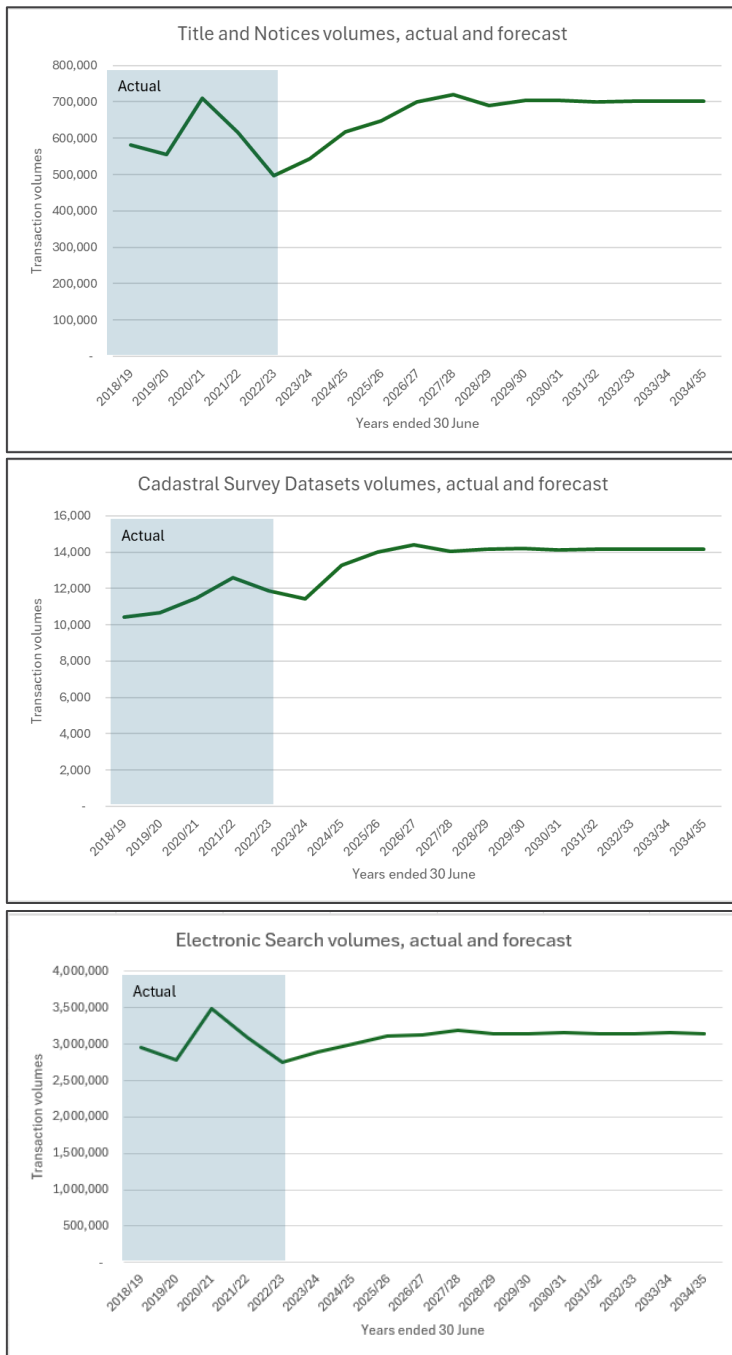


Figure 8: LINZ projections for annual transaction volumes to 2034/35

Appendix 6: Assessing alternative funding approaches

LINZ has identified three administratively feasible alternatives for the cost recovery of LINZ survey and title services.

Approach 1: Maintain the existing system of fees and charges (status quo).

Approach 2: Propose a modest levy on property owners¹⁴ to fund the ongoing costs of property rights administration and modernisation, on the grounds that secure title (through the Land Title Register) is an ongoing economic benefit to owners (a 'club good') and a wider public good.

Approach 3: Propose that Crown funding, through Vote Lands, could meet the costs of property rights administration.

Assessing the alternative funding approaches

Table 9 provides a narrow assessment of each alternative approach against the five evaluation criteria used for this fees review.






A full cost-benefit analysis is outside the scope of this survey and title fees review so the scoring does not consider detailed forecasts of revenues and operating expenditures, or the respective economic impacts and risks of each approach. This assessment also does not consider the wider 'public good' benefits of survey and title administration and the Land Title Register.

Some examples of wider public good benefits from survey and title administration include:

- trust in the rule of law (for example, as stated in the Land Transfer Act 2017 and the Cadastral Survey Act 2002)
- security of ownership for property owners and interest holders
- confidence in property rights, so supporting investment decisions and assisting broader economic prosperity and social cohesion
- international reputation for efficient administration, which can contribute to New Zealand's economic attractiveness.

¹⁴ An example of an existing 'property' levy is the [Fire and Emergency levy](#) payable by insurers. This levy, payable on residential buildings, is calculated to a maximum of \$119.50 (excluding GST) on 1 July 2024. For the year ended 30 June 2022, the levy contributed \$638.17 million to fund Fire and Emergency New Zealand.

Table 9: Assessment of alternative approaches to funding survey and title administration

Criteria for this fees review	Alternative feasible funding approaches		
	Approach 1: Fees system (status quo)	Approach 2: Levy system	Approach 3: Crown funding
 Fair	✓ Fees are applied only for customers who use survey and title services	N A levy would spread costs of the system across people who do not all use specific survey and title services, but who all benefit from secure title (a 'club good')	✗ Crown funding would spread costs of the system across all taxpayers, who do not all use survey and title services
 Effective	✓ Fees provide sufficient revenues to fund the system	✓ A levy would provide sufficient revenues to fund the system	✓ Crown funding could support the 'public good' aspects of the system
 Efficient	✓ A fees system is most consistent with the Treasury guidance on charging for 'private goods' services	N While a levy would fund services, only a proportion of property owners use specific survey and title services in any year (typically 3% to 5% of homeowners)	N Crown funding would be inconsistent with the Treasury guidance on cost recovery for 'private goods'
 Sustainable	N Sustainability of funding is affected by the levels of property market activity and transactions	✓ A levy would provide a consistent level of revenue, and like a fee system, the levy rate would need to be updated to recover rises in costs	✗ Survey and title administration would require at least \$91 million in annual Crown funding (based on the 2022/23 year)
 Transparent	✓ The existing legislation and regulations authorise a transparent and predictable fee-for-service system	N A levy would require legislative change, and while a set levy would be predictable, it could break the link between service delivery and cost recovery	N While Crown funding could be predictable, it would break the link between service delivery and cost recovery
Net scores	4	2	-1
	Rating scale key		Level to which option meets criterion
	✓		Better for the criterion
	✗		Worse for the criterion
	N		Neutral for the criterion

LINZ proposes to maintain its current funding approach

When the criteria are applied, approaches 1 (the status quo) and 2 (a levy system) score higher than approach 3 (Crown funding). On balance, LINZ proposes to maintain the current fees system for the purposes of this review.

A **fees system** (the status quo) is the most consistent with the five principles. It is fair, effective and efficient, in terms of the definition of these principles for the purposes of cost recovery. The regulatory framework for survey and title fees is transparent and predictable, as the specific fees are published in regulations.

Consequently, there is a clear link between service delivery and cost recovery. There are risks to the sustainability of this funding source, due to fluctuating levels of activity in the property market affecting the volume of survey and title transactions.

A **levy system** would be effective in generating revenue to support cost recovery. It would not be as fair and efficient as a fees system, because it would be applied regardless of the actual use of survey and title services by levy payers.

A levy would be a more sustainable source of funding, because the number of levy payers (that is, property owners) would be very unlikely to fluctuate as much as general property market activity. Secure title can be viewed as a 'club good' benefitting all property owners.

Authorising a new levy system would require substantial amendments to existing legislation and regulations, and a levy would not be as transparent to the users of survey and title services. A levy could also break the link between cost recovery and service delivery. The Legislation Design and Advisory Committee has issued [guidelines](#) on the distinction between a fee and a levy.

Crown funding through Vote Lands does not meet most of the assessment criteria and is not preferred. It would be effective in providing revenue to operate survey and title services but would be less fair and less efficient than a fees system, because users would no longer be charged for the private good services which are provided. Crown funding could also be less sustainable and predictable than a fees system, as Government funding priorities may change.

While Crown funding would be transparently stated in Budget documents and in the LINZ Annual Report, there would no longer be a link between cost recovery and service delivery.

Glossary

Cadastral survey	A survey relating to land boundaries and subdivisions, made to create or to define the limitations of a title, and to determine a unit suitable for transfer.
Cadastral survey dataset (CSD)	The set of cadastral survey data necessary to integrate a cadastral survey into the cadastre.
Cadastral survey system	The system that uses geodetic spatial reference points to define specific boundaries of land so rights to and interests in that land can be attributed.
Cadastre	The official record of cadastral surveys that define the location of boundaries of land interests under various tenure systems, including freehold, leasehold, Māori and Crown land. It includes official survey plans, information about boundary marks, survey measurements, and other supporting information provided by surveyors.
Club good	A product or service that is excludable but non-rival. Individuals can be prevented from consuming them, but their consumption does not reduce their availability to others.
Conveyancer	A lawyer or professional specialising in the legal process of transferring the ownership of property from one person to another. Conveyancers and lawyers are governed by the Lawyers and Conveyancers Act 2006.
Conveyancing	The legal process of transferring the ownership of property and creating other interests in land (and see the definition in section 6 of the Lawyers and Conveyancers Act 2006).
Dealing	A set of one or more conveyancing instruments (for example, to discharge a mortgage, or a transfer of ownership) that have been lodged with LINZ for registration. A dealing may be an e-dealing or a manual dealing.
Easement	A right agreed between a landowner and another party to use land for a particular purpose, and can be registered against the property's title.
e-dealing	A dealing made up of electronic conveyancing instruments lodged for registration online through Landonline.

Instrument	A legal instrument is a formally executed document creating or recording some legal right, liability or contractual relationship (such as a property transfer, or discharge of mortgage).
Land transfer system	The system of land registration which provides indefeasible title to land under the Land Transfer Act 2017.
Landonline	The electronic system LINZ operates which incorporates, and provides access to, the land register and cadastral survey record, and enables electronic lodgement of conveyancing instruments and cadastral survey data sets.
Lodge	To submit a conveyancing instrument for registration or a cadastral survey dataset for approval.
Lodgement	The process of submitting a conveyancing instrument for registration or a cadastral survey dataset for approval.
Manual dealing	A dealing lodged by post or at a LINZ office (in Hamilton, Wellington and Christchurch).
Memorandum account	A financial method used to keep track of income from fees generated by a system and how much is spent on providing the system, allowing transparency on how fees are being used. Ideally these values would be equal (so income covers costs), but the account may go into deficit (costs exceed income) or credit (income exceeds costs).
Parcel	An area or space that is a single contiguous portion of land separately identified in a CSD or in the cadastre.
Private good	A product or service that must be purchased to be used, and where its use prevents another person from using or benefitting from it (if a service, it can only be used by one person at a time, or only a single person or party benefits).
Public good	A public good is one that an individual can consume without reducing its availability to others and from which no one is excluded. A commodity or service made available to all members of a society, typically administered by governments and paid for collectively through taxation.
Record of Title	The legal record of ownership, and related rights and interests, for land registered under the Land Transfer Act 2017 as recorded in Landonline.

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