

1. Programme Overview

OVERALL PROGRAMME HEALTH (at 17 August 2020) remains unchanged at Amber. A move to Green status will be considered in September on delivery of an integrated LINZ business transformation plan incorporating STEP. The Amber rating reflects:

PROGRAMME DELIVERY is on track.

- Strong progress made on planning, including business integration planning, for the rebuild of core Landonline systems.
- Four foundational initiatives central to the rebuild were approved by a LINZ design authority in July. This work was scheduled to begin in Programme Increment 7.
- Pilot releases of Notices products developed over the programme's initial phases are being expanded.

BUSINESS TRANSFORMATION: on track with implementation of the LINZ Business Transformation team on 3 August 2020. The team will move LINZ toward being a more flexible and customer-centric organisation supported by a secure technology foundation, part of which STEP is establishing.

RECRUITMENT for roles in the core system rebuild was tracking positively with high numbers of applicants. However, concerns about applicant quality could affect timing of appointments and programme delays if roles cannot be filled within expected timeframes. We are actively monitoring this situation.

PROGRAMME EXPENDITURE: The capital spend of \$17 million since November 2018 is within forecast (see Expenditure below). Joint Ministers approved capital expenditure (and an associated drawdown of Crown capital funding) covering programme activity for the 18 months to 31 December 2021.

COVID-19: The level 4 lockdown was assessed to have caused productivity and recruitment delays of up to eight weeks. These can be made up, however as noted above, recruitment delays for the core system rebuild have been flagged as a potential risk.

2. Delivery – System Rebuild/Search & Notices

Core System Rebuild

Planning and approval processes were completed for the first four of approximately 37 initiatives needed to finish the rebuild in 2023. When completed in December 2021 the approved initiatives (described below) will provide the foundations on which remaining initiatives will be built on

TITLES INITIATIVE: enables 68% of all automatically registered title transactions to be processed in new Landonline (300,000 a year). The remaining more complex title transactions will be added in subsequent initiatives

SURVEY INITIATIVE: will enable 72% of all surveys by volume to be captured in new Landonline.

COMMON SERVICES INITIATIVE: introduction of customer services necessary to support the titles and survey initiatives, including a multipurpose dashboard for managing user/firm access to and interactions with Landonline.

DATABASE INITIATIVE: migrating Landonline database to a modern platform hosted in New Zealand. Reduces technology risks, enables futureproofing by moving database to a modern and flexible technology while addressing concerns about hosting core land registries offshore (they will remain onshore).

Search and Notices – product testing and pilots

REGISTERED WEB SEARCH (allows registered Landonline users to search for and purchase survey and title information from any device and location): Released in March 2020 and in use by approximately 10% of 2500 search-only customers. Planned customer engagement in next increment is expected to significantly increase product uptake.

NOTICE OF CHANGE OF OWNERSHIP (property transaction notifications allowing territorial authorities to update rating databases): rollout is on track after successful pilot release in the Tauranga area. Service expanded in mid-August to Wellington and to all New Zealand solicitors transacting property in both areas. Rollout to all New Zealand territorial authorities is expected by December 2021.

NOTICE TO MORTGAGEE (notifications to lending institutions when a mortgage is registered): A successful pilot with Southland Building Society launched in late June is now being expanded to two other banks. Rollout to all New Zealand lending institutions is expected by December 2021.

PUBLIC LAND RECORD SEARCH (enabling the public to search for Landonline property information): product release has been delayed to 1 February 2021 after feedback that commercial providers of property search services wanted time to prepare for the release.

3. Benefits

Benefits enabled by the development and release of Search and Notices products are being monitored. Benefits are fully enabled when the product is ready for general release after co-design and development with stakeholders through pilots. Benefit realisation commences with pilots and is tracked through customer adoption of products.

Benefits enabled	Release stage	Customer adoption
Notice of change	Pilot	Tauranga & Wellington TAs
Notice to mortgagee	Pilot	Southland Building Society
Registered search	General release	10%
Public search	Not released	-

We have worked with internal and external customers to estimate the relative contribution of work planned in the core system rebuild toward realising benefits. This will help prioritisation of initiatives over the course of the programme

4. Expenditure to 30 August 2020

Expenditure type (\$m)	Full programme		Spend to date (since Nov18)		20/21 year to date			20/21 Full year budget
	Approved funding (QRA 85)	*Modelled cost (budget)	Actual	% of modelled cost	Actual	Budget	Var	
Capital	128.2	116.2	18.2	15.7%	2.4	4.2	1.8	29.5
Operating	18.7	23.8	2.7	11.4%	0.5	0.8	0.3	4.5

**Updated estimates as modelled in June 2020*

Reforecast whole of life costs have provided confidence that the programme can be delivered within capital expenditure funding arrangements agreed by Cabinet in October 2018. Expenditure variance is largely due to lower resource costs (90% of programme costs):

- more LINZ staff directly employed on the programme than anticipated by the 2018 Programme Business Case
- lower rates for both employees and contractors than budgeted
- interruptions to recruiting due to COVID-19.

Programme Workforce

Workforce makeup	Prog Increment 6		
	Planned	Actual	%
LINZ Personnel (FTE)	55	48	66%
Contractors	24	25	34%

5. Risk and Assurance

- The STEP governance board has focused on ensuring delivery squads have the tools, procedures, quality assurance and risk mitigation processes needed to deliver the rebuild of core Landonline systems.
- The Senior Responsible Owner has established a group of four external advisors to provide independent advice and oversight of the programme.
- The programme's risk register has been updated, and assurance report findings over the course of the programme have been consolidated into a set of actionable items.
- Top risks being monitored (overleaf):

Risk	Mitigation	Current State	RAG Status
1. Insufficient People Resources	a) Establish Change Enablement and Customer Engagement teams within new LINZ Business Transformation Team b) Implement resource plan	Teams are being established. Resource plan is being implemented; however, candidate quality could delay appointments.	
2. Policy requirements of STEP / Property Rights Strategy not well understood	Regular engagement between the programme and Policy team	Engagement is occurring satisfactorily	
3. Poor budget management by STEP	a) Develop and implement improved programme reporting b) Ongoing review of programme assumptions	Improved reporting is being developed	
4. STEP-related breach of private information held in Landonline	a) Increase resourcing for security certification & accreditation activities b) Remedy identified security actions	Security resourcing is being increased. Security actions are being remedied	
5. Inadequate integration of STEP with rest of LINZ	a) Establishment of Change Enablement and Customer Engagement teams within the LINZ Business Transformation Team b) Develop Integrated programme plan	Integrated programme plan nearing completion Business Transformation Team established and change and engagement teams are being formed.	

- Establishment of new Customer Engagement Group as part of Business Transformation

7. Future Focus – Programme Increment 7

SEARCH AND NOTICE PRODUCTS

- Expand customer uptake of registered search product
- Expand pilots of Notice of Change of Ownership and Notice to Mortgagee products
- Work toward release of public search tool

CORE SYSTEM REBUILD

- Complete recruitment (November)
- Deliver initial work planned on foundational initiatives.
- Survey Landonline customers to gain baseline information about their current interactions with Landonline.

6. Stakeholder Engagement

- Quarterly progress demonstration to key external stakeholders.
- Ongoing engagement with solicitors, territorial authorities and financial institutions to drive uptake and expand Notice of Change of Ownership and Notice to Mortgagee pilots. Feedback is allowing product refinements, users are positive.
- Engagement with commercial providers of property search services on release of our public web search tool.
- Survey visualisation tool trialled with the LINZ Survey Working Group.