

Modernising Landonline – Survey and Title Enhancement Programme (STEP)

Programme Increment 14 (4 May 2022 – 26 July 2022)

Report to joint Ministers

- Minister for Land Information
- Minister of Finance
- Minister for the Digital Economy and Communications

Key Metrics for Programme Increment 14

(4 May 2022 – 26 July 2022)

Programme Status: Amber

Overall 	July 2022	February 2022
Financial		
People		
Delivery		
Risk and Assurance		
Stakeholders		

The Modernising Landline programme began in November 2018. LINZ's objectives are to deliver:

- a flexible and modular technology platform
- improved quality and range of survey and title services
- 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
- better access to property information for the public and decision-makers.

87% of planned work was completed

39% value enabled by new functionality and services released to customers and the public (since April 2019)

\$57.1 million capital expenditure (32% of the reforecast modelled cost of \$175.7 million)

48% total time elapsed

Key Messages

- Programme status was kept at amber pending Cabinet's consideration of the revised programme outlook and while focus remained on recruitment and retention. Annualised turnover remained high at around 45%, however annualised turnover in the three months to July 2022 was 24.6%.
- On 8 August 2022 Cabinet agreed to an updated delivery timeframe and reforecast costs.
- Joint Ministers separately made interim financial approvals that will maintain programme activity to December 2022. A followup request for financial approvals covering the Programme to December 2023 will be made in September 2022 now that Cabinet has agreed to the revised forecast.
- A new governance board comprising three independent members and the LINZ Chief Executive is being established.
- Close attention is being paid to overall progress toward turning off legacy Landonline and migrating all customers to the new platform (the minimal responsible product or MRP - targeted for 2025). Work is tracking favourably, however mitigations are being considered for higher than anticipated complexity for some aspects of the rebuild.

Finance

Programme expenditure: \$57.1 million by 31 July 2022 (since November 2018). Capital spend to date is 32% of the recently approved \$175.7m modelled capital budget.

Programme expenditure over build phase (November 2018 to 31 July 2022).

	Capital expenditure (\$m)	Operating expenditure over 12 years (\$m)
Full Programme		
Approved Programme re-forecast	175.7	76.1
Spend to date (since Nov18)		
Actual	57.1	19.8
% of March 2022 re-forecast	32%	26%

The reforecast capital spend of \$175.7m (a \$47.5m increase on the programme business case forecast of \$128.2m) was approved by Cabinet on 8 August 2022 [GOV-22-MIN-0026].

People

High priority continued to be placed on strategies for managing difficult job market conditions. Retention and recruitment issues remain the Programme's key challenge and risk. The table below shows that in July 2022 there were 146 people working on the Programme, nine below the forecast of 153. While annualised turnover remained high at around 44%, turnover in the three months to July 2022 was 24.6% when annualised. A successful recruitment round aimed at attracting permanent staff to the Programme resulted in a number of positions being filled. Other measures to mitigate people risks are outlined in the Risk table on page 5.

	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
Forecast number of people	154	155	167	162	162	153
Contractors	55	65	69	72	71	72
LINZ employed	85	79	80	76	73	74
Total actual	140	144	149	148	144	146
Contractor %	39%	45%	46%	49%	49%	49%
LINZ employed %	61%	55%	54%	51%	51%	51%
Turnover % LINZ employed (over 12 months)			41.6%	45.8%	43.7%	45.5%
Turnover % contractors (over 12 months)			42.6%	46.3%	45.9%	42.4%
Three-month turnover (LINZ employed and contractors, annualised)					22%	24.6%

Delivery

Rebuild of core IT system

- 87% of work planned for increment 14 was completed.
- Close attention is being paid to overall progress toward turning off legacy Landonline and migrating all customers to the new platform (the minimal responsible product or MRP - targeted for 2025¹). While work is currently tracking favourably, the programme is considering mitigations for higher than anticipated complexity encountered with aspects of the rebuild. This includes considering:
 - work that could be deferred until after legacy Landonline is turned off.
 - ways to simplify the system LINZ needs to build,
 - challenging current processes, and
 - more efficient processes that reduce the technology requirements STEP needs to deliver to achieve programme targets.

Core system rebuild – Titles

- Focus continued on delivering the open release of straightforward house sale and purchase transactions on the new Landonline platform by the end of October 2022.
- The release will enable all conveyancers to use new Landonline's modernised functionality to discharge a mortgage, transfer property to a new owner and lodge a mortgage against a title. Collectively these three transactions account for more than two-thirds of all Landonline title dealing transactions.

Core system rebuild – Survey

- Work continued on extending the current pilot user base of 200 surveyors to about 500 (or about 30% of the 1800 registered users of survey services) by October 2022. This approach allows surveyors to get used to the new functionality and suggest improvements that can be implemented as the pilot is expanded. LINZ is progressively bringing survey customers onto the new platform over the next 8-9 months.

Search and Notices – Notice of Change of Occupancy (NoC)²

- The NoC service was successfully rolled out to Auckland Council, which is responsible for 31% of all rating units nationally. Seventy percent of solicitors transacting property in the Auckland area adopted the service within two months of the council coming on board. Both the council and solicitors have reported immediate time-savings and benefits from improved data accuracy. Solicitors are saving up to 10 minutes per property transaction and are passing these savings on to clients.
- Forty-six of 67 territorial authorities were using NoC at increment end.

Benefit delivery

¹ Service enhancements that can be implemented after delivery of the MRP will be made by programme completion in 2026.

² Automated notifications from solicitors to territorial authorities when a property transaction is completed, enabling councils to accurately update rating information and eliminate errors and time spent cross-checking information.

Value enabled by products and services delivered since April 2019: 39%, up from 27% reported in April 2022. Value delivery is expected to increase markedly from October 2022 when new title transaction functionality is due to be released to customers and the survey pilot is expanded. The rollout of Search and Notices services is steadily unlocking monetised benefits estimated in the STEP programme business case at between \$119.4-\$142.9 million.

Risk and Assurance

Assurance

- The 2022/23 STEP Assurance Plan was drafted, and an initial review was completed by the Government Chief Digital Officer. Follow-up discussions are continuing.
- An external quarterly increment assurance review was received from IQANZ, and assessed at both management and STEP Board levels and actioned accordingly.
- Programme risks were refreshed with STEP Board input.

Top risks managed by Governance board

Risk	Mitigation	Current state	Resolution by
Inability to attract and retain resources	We maintain a rolling review of our approaches to recruitment in line with changes to market conditions	Programme is using the following approaches to manage the risk: <ul style="list-style-type: none"> • Retention strategy • Workforce plan • Continuous recruitment approach • Squads outside Wellington • Non-monetary retention approach 	Ongoing
Change capacity (internal)	Extensive communication to business units and active involvement of senior management	<ul style="list-style-type: none"> • Fortnightly catchups with LINZ Property Rights • Business squad relationship with wider LINZ • Business Owners' relationship with wider LINZ • Kaihautū level discussions • Head of Property Rights is now a member of the STEP Management Board • Release plan keeps PR informed • Head of Customer Engagement on Leadership Squad 	Ongoing
Timelines (possible delay to end delivery)	Well embedded rolling review process in place	<ul style="list-style-type: none"> • Monthly reporting / monitoring • Consistent re-evaluation of initiatives • Continuing development and tracking of metrics 	Ongoing

Risk	Mitigation	Current state	Resolution by
Stakeholders and potential to resist move to new Landonline	<ul style="list-style-type: none"> • Extensive piloting of enhancements • Change management plans and close customer contact 	Steady currently with strong pilot involvement by customers	Ongoing

Stakeholder Engagement

LINZ continued to engage widely with stakeholders, including property lawyers, cadastral surveyors, territorial authorities, and key data organisations. Programme leaders presented at the Local Government NZ and Survey and Spatial conferences.

Programme Increment 15

Programme Increment 15 runs from 27 July 2022 to 18 October 2022. The focus of the work will be:

- preparing for the open release of modernised simple house sale and purchase functionality, a significant milestone for the delivery of title transaction services
- driving uptake of search and notices services
- managing recruitment and retention issues.

Proactive Release