

Modernising Landonline – Survey and Title Enhancement Programme (STEP)

Programme Increment 15 (27 July 2022 to 18 October 2022)

Report to joint Ministers

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

Key Metrics for Programme Increment 15

27 July 2022 to 18 October 2022

Programme Status: Amber

Overall 	October 2022	July 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.

41% value enabled by new functionality and services released to customers and the public (since April 2019)

\$64.3 million capital expenditure (37% of the reforecast modelled cost of \$175.7 million)

51% total time elapsed

Key Messages

- Modernised title services allowing conveyancers to complete straightforward property transactions were released to all conveyancers on 31 October 2022.
- Programme status remained at amber while focus was kept on managing recruitment and retention. Annualised workforce turnover of LINZ employed staff and contractors in the 12 months to October 2022 continued to improve at 29.22% (compared with 34.5% in August). Three-month turnover also improved to 23.9%. While encouraging, these numbers are expected to remain changeable.
- Financial approvals from joint Ministers in September 2022 will maintain programme activity to December 2023.
- The three external members of the programme's new governance board have been inducted. The board will meet on 3 March 2023. The current internal governance board has continued to maintain oversight.

Finance

Programme expenditure: \$64.3 million by 31 October 2022 (since November 2018). Capital spend to date is 37% of the recently reforecast \$175.7m modelled capital budget.

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

	Capital expenditure (\$m)	Operating expenditure over 12 years (\$m)
Full Programme		
Original PBC approved funding (QRA 85)	128.2	51.7
Approved programme re-forecast	175.7	76.1
Spend to date (since Nov18)		
Actual	64.3	22.7
% of Approved programme re-forecast	37%	30%

The reforecast capital spend (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 maintained on managing difficult job market conditions. Overall turnover continued to decline and STEP was closer to having a fully resourced team than in the previous 12 months. Retention and recruitment issues remained the programme's key challenge and risk.

Additional contractors were taken on to ensure delivery could be maintained given high workforce turnover. Contractors comprised 53% of the workforce (154 FTEs) at the end of October; whereas the programme business case contained a 50:50 contractor/staff ratio.

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Forecast number of people	162	162	153	165	157	165
Contractors	72	71	72	70	81	81
LINZ employed	76	73	74	73	71	73
Total actual	148	144	147	143	152	154
Contractor %	49%	49%	49%	49%	54%	53%
LINZ employed %	51%	51%	51%	51%	46%	47%
Turnover % LINZ employed	45.8%	43.7%	45.5%	46.7%	40.8%	30.7%
Turnover % contractors	46.3%	45.9%	37.6%	33.0%	29.0%	26.6%
3 Month Turnover % Total	5.5%	6.2%	6.8%	6.1%	6.6%	5.1%

Delivery

Rebuild of core IT system

On 31 October 2022 LINZ released a significant upgrade enabling conveyancers to transact all straightforward house sale and purchase transactions on the new platform using a modernised interface. These transactions (the registration and discharge of mortgages, and ownership transfers when properties are sold) make up around two-thirds of all Landonline title transactions. Early uptake was higher than expected and feedback was positive.

Core system rebuild – Survey

A pilot that enables surveyors to submit and validate survey plans on the new platform had expanded to more than 500 of Landonline's 1,862 registered survey customers by end of October 2022. LINZ is working toward the open release of this service to all surveyors by 31 March 2023.

Search and Notices

54 of 67 territorial authorities were using the Notice of Change of ownership (NOC) service at increment end. The service allows solicitors to automatically and accurately notify councils when a property transaction is completed. High adoption of the service by solicitors was being reported, with over 64% of property transactions (9000+) notified to councils, up from just 30% in May. Almost all councils are expected to be onboard by December 2022. Eleven financial institutions were using a similar Notice to Mortgagee service that notifies lenders when a mortgage is registered against a property. ASB and ANZ are expected to join the service in early 2023.

Benefit delivery

Value enabled by products and services delivered since April 2019: 41%, up from 27% reported in April 2022.

An independent report (November 2022) on benefit delivery said the programme was on track to exceed the 2018 programme benefits forecast. The programme continued to prioritise value delivery. This included delivery of emerging unforecast benefits from services such as the digital visualisation of survey plans which will create higher time savings than originally forecast. Key delivery and adoption risks to benefits were being actively managed.

The release of upgraded title transaction services in October was a major step forward for benefits realisation. The rollout of Search and Notices services has unlocked up to 75% of monetised benefits of between \$119.4-\$142.9 million estimated in the STEP programme business case.

Risk and Assurance

- The 2022/23 STEP Assurance Plan was reviewed by the Government Chief Digital Officer.
- Programme risks were refreshed.

Assurance

Top risks managed by governance board

- Productivity and cost impacts of retention, recruitment, and sickness.
- Unanticipated complexity which increases delivery timeframes.

Some aspects of the rebuild are proving more complex than initially scoped. Without mitigations, this has potential to slightly extend the programme timeframe. LINZ is responding by focusing on the highest priority work; considering options for simplifying the system build; boosting recruitment and taking on more people (within the programme's funding envelope) to increase delivery throughout; and identifying less critical aspects of the rebuild that can be deferred until after the legacy Landonline system is turned off.

Top four programme risks

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
Stakeholders and potential to resist move to new Landonline	Extensive piloting of enhancements Change management plans and close customer contact	<ul style="list-style-type: none"> 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 Increment 16

Programme Increment 16 runs to 24 January 2022. The focus of the increment is on:

- Ongoing management of recruitment and retention issues
- Mitigating challenges posed by unanticipated delivery complexity
- Supporting new titles services
- Building complex title transaction services
- Work toward the open release of survey transaction services in March 2023
- Driving uptake of search and notices services