

Our Ref DOIA 21-152

16 February 2021

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Dear [s 9(2)(a)]

Response to your official information request

Thank you for your official information request received on 22 January 2021 for the recent Survey and Title Enhancement Programme quarterly update to the Minister for Land Information.

Please find attached the document you have requested: BRF 21-207 Attachment 1 – STEP update for Joint Ministers. Along with the Minister for Land Information the report is also provided to the Minister of Finance and Minister for Digital Economy and Communications.

We would be happy to arrange an interview about the report and the progress we are making on the rebuild of Landonline. Please email us on media@linz.govt.nz if this is of interest to you.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Yours sincerely



Murray Young
DCE Business Transformation

Key metrics

STATUS	Programme Inc 7	Programme Inc 6
STEP overall	Yellow	Yellow
Finance	Green	Green
People	Yellow	Yellow
Delivery	Yellow	Yellow
Risk and assurance	Green	Green
Stakeholders	Green	Green

Expenditure

Expenditure type (\$m)	Full programme		Spend to date (since Nov18)	
	Approved funding (ORA 85)	Modelled cost (budget)	Actual	% of modelled cost
Capital expenditure	128.2	116.2	20.8	18%
Operating expenditure	18.7	23.8	3.2	14%

Value enabled by work to date

	Value enabled by work to date	Expenditure
Programme Increment 7	13.2%	18.0%
Programme Increment 6	10.0%	14.6%

Key Messages

Overall programme health remained at Amber. The rebuild of Landonline's core IT systems began on schedule and a LINZ business transformation plan was delivered. The STEP Board retained programme status at Amber to manage delays experienced recruiting the additional resources needed for the rebuild. Completing recruitment is a priority.

Finance

The programme continued to operate within budget. Total capital expenditure from 1 November 2018 to 31 October 2020 of \$20.8 million equates to 18% of the programme's modelled cost (\$116.2 million). Expenditure to 31 October 2020 was \$4.2 million below the budgeted modelled cost, primarily due to lower resource costs (which make up 90% of programme costs) incurred to date.

People

Recruitment for the IT system rebuild was tracking positively by the end of the increment though behind schedule due to the need to readvertise some roles. Appointees to technical teams are now coming on board with most on track to be in place by mid-December 2020. We are confident delivery and financial risks can be managed.

Delivery

The rebuild of core IT systems started well with teams achieving between 80-100% of planned work. The rapid scaling of resources under way for the rebuild did affect delivery while teams onboarded new people or waited for appointees to take up roles.

Search and notices products: this suite of customer service improvements developed in the programme's first 12-18 months continued to receive positive feedback from property professionals, territorial authorities and financial institutions participating in product releases. Focus is on expanding uptake.

Value enabled by all work completed to date totals 13.2%. The figure is low compared with capital budget spent (18%). This ratio has improved since Programme Increment 6, and we expect further improvement over time once delivery teams are fully established. The current assessment reflects the cumulative impact of COVID-19, recruitment delays and the fact we are significantly scaling the team for the core system rebuild.

Finance ●

Expenditure type (\$m)	Full programme		Spend to date (since Nov18)		20/21 year to date			20/21
	Approved funding (QRA 85)	Modelled cost (budget)	Actual	% of modelled cost	Actual	Budget	Var	Full year budget
Capital expenditure	128.2	116.2	20.8	18%	4.9	9.2	4.2	29.5
Operating expenditure	18.7	23.8	3.2	14%	1.0	1.6	0.6	4.5

18% of the full programme capital budget was spent to 31 October 2020. The programme's forecast end date is November 2023.

The expenditure variance from the forecast budget is largely due to lower resource costs (which make up 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 and delayed appointment process.

People ●

	October 2020	September 2020	August 2020	July 2020
Contractors	26	24	25	23
Open Term	54	45	42	39
Fixed Term	7	7	6	6
Total	87	76.0	73.0	68.5

Mitigations to expedite recruitment dramatically improved our position as Increment 7 proceeded. The rebuild requires increases to contract and permanent staff working in development teams and associated change enablement and customer engagement roles. At increment completion appointments had been made to most of the development team roles.

Key roles still outstanding and holding the programme at Amber are in the Change Enablement and Customer Engagement teams. Recruitment is ongoing and is expected to be completed in the New Year.

Delivery ●

Value enabled by the programme (products or enhancements developed, released or ready to generate value) since April 2019 is assessed at 132 value points, or 13.2% of a total of 1000 value points allocated across all STEP initiatives. This compares with the capital spend to date of 18%. The ratio has improved since Programme Increment 6, and we expect continued improvement as teams are established and work progresses.

	Value enabled by work to date	Capital spend
Programme increment 7	13.2%	18.0%
Programme increment 6	10.0%	14.6%

The value point methodology is relatively new and will settle over time. The current assessment reflects that we are slightly behind due to the impact of COVID-19, recruitment delays and the fact we are significantly scaling the team for the core system rebuild

Core systems rebuild – foundational initiatives

The rebuild of Landonline's core IT systems began in Increment 7. Between 80-100% of work planned was completed. Delivery was affected by the scaling of resources currently under way, with teams onboarding new people or awaiting appointees to take up roles.

Four foundational initiatives (described below) are under way. When completed in December 2021 these will have established a base for remaining initiatives to build on.

Titles initiative: will enable 68% of all automatically registered title transactions to be processed in new Landonline (300,000 a year). 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: customer services to support 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.

Search and Notices products – customer adoption

Uptake and use of “Search and Notices” products was expanded. Ongoing customer engagement is steadily refining these products.

	Release stage	Customer adoption			
		Uptake		Transactions	
		Oct	Sep	Oct	Sep
Registered search	General release	26%	24%	157,056	121,598
Public search	Release in 2021		-		-
Notice of change	General release	51%	36%	4,447	2,999
Notice to mortgagee	General release	2 of 8 banks	1 of 8 banks	843	602

Registered web search (allows registered Landonline customers to search for and purchase survey and title information from any device and location): Released to all Landonline users in March 2020. Focus on expanding uptake.

Notice of Change of Ownership (property transaction notifications allowing territorial authorities to update rating databases): Successful pilots in Tauranga and Wellington. Discussions with next councils to be onboarded – Western Bay of Plenty, Christchurch, and Auckland.

Notice to Mortgagee (notifications to financial institutions when a mortgage is registered): Pilot with Southland Building Society launched in late June was expanded to TSB in October.

Public land record search (will allow the public to directly search for and order Landonline property information): Release due on 1 February 2021.

Risk and Assurance ●

Assurance: Positive report from Independent Quality Assurance NZ who monitor the programme’s Agile delivery planning and practice. All recommendations are being actioned.

Assurance actions	This period	Last period
	63	57
In progress	12	9
Completed	51	48

Risks: top 5 risks monitored by the STEP Board

Risk	Mitigation	Current State
Insufficient People Resources	a) Establish of Change Enablement and Customer Engagement teams b) Implement resource plan	● Teams are being established. Resource plan is being implemented; some challenges are still being addressed
Policy requirements of STEP / Property Rights Strategy not well understood	Regular engagement between the programme and Policy team	● Engagement is occurring satisfactorily
Poor budget management by STEP	a) Develop and implement improved programme reporting b) Ongoing review of programme assumptions	● Improved reporting is being developed and starting to highlight risks
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
Inadequate integration of STEP with rest of LINZ	a) Establishment of Change Enablement and Customer Engagement teams b) Develop Integrated programme plan	● Integrated programme plan nearing completion. Change teams are being established

Risk Actions: A number of risk actions are in progress.

Risk actions	This period	Last period
	18	18
In progress	10	13
Completed	8	5

Key focus areas: Change strategy, better security resourcing

Stakeholder Engagement ●

- Quarterly progress demonstration to key external stakeholders.
- Ongoing engagement with solicitors, territorial authorities, and financial institutions to drive and expand uptake of Notice of Change of Ownership and Notice to Mortgagee products. Feedback is allowing product refinements, users are positive. Western Bay of Plenty, Christchurch, and Auckland councils as next territorial authorities to be onboarded for Notice of Change of Ownership.
- Engagement with commercial providers of property search services on release of public web search application in February 2021.
- Engagement with Survey Software Suppliers about creating and sending survey plans to LINZ.

Focus of Programme Increment 8

- Complete recruitment for core system rebuild.
- Continue delivery of core system rebuild initiatives/build momentum.
- Release public land record search product (1 February 2021)/continue expanding uptake of Search and Notice products.
- Prepare update to Cabinet on programme progress (due March 2021).