



# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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### Modernising New Zealand's Land Information Platform & Services: Programme Business Case

**Portfolio**                      **Land Information**

On 16 October 2018, the Cabinet Government Administration and Expenditure Review Committee (GOV):

- 1        **noted** that confidence in property rights and accurate land information are critical for New Zealand, with buyers and sellers placing complete reliance on services that Land Information New Zealand (LINZ) provides through its central register of survey and title information, and the Crown guaranteeing that the issued title is correct;
- 2        **noted** that the ‘*Modernising NZ’s Land Information Platform & Services*’ (the Programme) Business Case, attached under GOV-18-SUB-0078, proposes an iterative rebuild approach with tranches and deliberate “on ramp” processes with Single Stage Business Cases (SSBC) to initiate each tranche to ensure confidence in the delivery of the Programme;
- 3        **noted** that the Programme is planned to be delivered in four tranches over five years, with work prioritised to provide benefits for customers and [REDACTED] as quickly as possible;
- 4        **noted** that the Programme will deliver essential improvements to maintain confidence in the regulatory underpinning of property ownership, deliver customer service improvements, enable better wellbeing, and maintain the financial and banking systems by:
  - 4.1      improving the agility and efficiency of the survey and title platform, which will [REDACTED] and deliver a backlog of customer improvements.
  - 4.2      enabling improved end-to-end processes across the property system by preparing LINZ to work with other agencies to improve property registration and sub-division;
  - 4.3      improving the accessibility and quality of property rights information to inform decisions on property, including three-dimensional capability, as part of a fully digital, interoperable future;

- 5 **agreed** to the preferred investment option and delivery pathway, outlined in the programme business case attached under GOV-18-SUB-0078, that will deliver a modern modular ICT platform and customer service enhancements by fully rebuilding Landonline and improving LINZ's customer service processes;
- 6 **noted** that the Programme will deliver \$119.4-\$142.9 million in quantified benefits, at a benefit cost ratio of between 1.2 and 1.5, as set out below:

Benefit cost ratio	QRA 50 <sup>th</sup> percentile	QRA 85 <sup>th</sup> percentile
<b>Benefits</b>		
Present value whole of life benefits (high) (\$m)	142.9	142.9
Present value whole of life benefits (low) (\$m)	119.4	119.4
<b>Costs</b>		
Present value whole of life costs (\$m)	98.5	120.4
<b>Benefit cost ratio (against do nothing)</b>		
Benefit cost ratio (high)	1.5	1.2
Benefit cost ratio (low)	1.2	1.0

- 7 **noted** that:
- 7.1 the present value whole of life costs of the Programme are \$98.5 million;
- 7.2 the expected nominal whole of life costs, at the 50<sup>th</sup> percentile of a quantitative risk assessment, are \$138.5 million (excluding capital charge and depreciation);

### Financial Implications

- 8 **noted** that in Budget 2018, Cabinet:
- 8.1 approved Capital contingency of \$103 million over four years for the Advanced Survey and Titles Services Initiative, funded as a 10-year repayable capital injection;
- 8.2 noted that the Programme's Implementation Business Case (IMBC) would be considered later in 2018, at which time Land Information New Zealand (LINZ) will provide further information confirming that fee revenue will enable it to repay the capital injection within ten years;
- 8.3 agreed that the contingency can be drawn down only to the extent that the Cabinet decision on the IMBC establishes a need for immediate funding;

[CAB-18-MIN-0158.18]

- 9 **noted** that the preferred pathway requires a capital injection of up to \$95.4 million drawn down over years 2-7 of the programme, which can be funded from within the Budget 2018 contingency in paragraph 8 above and repaid within 10 years;
- 10 **noted** that LINZ is contributing \$32.9 million from capital reserves to the Programme, primarily made up of Landonline depreciation funds;

### Programme approval

- 11 **authorised** the Minister of Finance, Minister for Government Digital Services and Minister for Land Information (joint Ministers) to approve the necessary SSBC for tranche 1 and subsequent tranches of the Programme;

- 12 **authorised** joint Ministers to draw down the tagged capital contingency funding noted in recommendation 8 (establishing any new appropriations as necessary), subject to their satisfaction with the necessary SSBC or associated work;
- 13 **agreed** to extend the expiry date for the Advanced Survey and Title Services tagged contingency established in Budget 2018 to 1 February 2024;
- 14 **agreed** that any significant change to scope, benefits, costs or timeframes (including the Programme tranches) would require joint Ministers to return to Cabinet;
- 15 **noted** that:
- 15.1 LINZ's survey and title services such as title search, e-dealing for title transactions, and survey plan lodgement operate on a full cost-recovery basis;
- 15.2 [REDACTED]
- 15.3 [REDACTED]
- 15.4 current fee revenue was \$72 million (2016/17) and \$69 million (2017/18 provisional accounts);
- 16 **directed** LINZ to complete a survey and title third party fees review (title search fees, e-dealing fees for title transactions, and survey plan lodgement fees) by early 2021 to identify any fee increases that are required to recover operating costs, capital charge, and depreciation;
- 17 **noted** that LINZ will complete another survey and title third party fees review when the Programme is completed;
- 18 **noted** that joint Ministers will be kept informed of the survey and title third party fees review, and provided with the opportunity to input into the process;
- 19 **invited** the Minister for Land Information to report back to GOV on the progress of the Programme in September 2019.

Rachel Clarke  
Committee Secretary

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**Present:**

Hon Kelvin Davis  
Hon Phil Twyford  
Hon Chris Hipkins (Chair)  
Hon Dr David Clark  
Hon David Parker  
Hon Stuart Nash  
Hon Shane Jones  
Hon James Shaw  
Hon Eugenie Sage

**Hard-copy distribution:**

Minister of Finance  
Minister for Government Digital Services  
Minister for Land Information

**Officials present from:**

Officials Committee for GOV