

Compliance Framework

Our approach to compliance

Objective ID: A6199556

Toitū Te Whenua

1 May 2024



Introduction

Toitū Te Whenua Land Information New Zealand is the government's lead agency for property and location information, managing Crown assets and administering the overseas investment process. We are the stewards for four regulatory systems: property rights, property information, Crown land and overseas investment.

This compliance framework describes our approach to compliance, and the principles that will guide us when exercising our compliance functions and responsibilities. It will help to ensure that our compliance activities are efficient, focused, fit-for-purpose, transparent and coordinated.

This compliance framework is one step in our journey to be a "trusted regulator, delivering fair and transparent regulatory systems", one of the four strategic outcomes we identified in our Statement of Strategic Intentions for the years 2023 to 2027 ([here's the link](#)).

This compliance framework is expected to contribute to the delivery of our strategic intentions by:

- promoting consistency in the development and delivery of compliance programmes across regulatory systems
- providing clarity across the business on our approach to compliance and how that approach supports our strategic intentions
- laying the foundations for a sustainable and enduring framework for the effective delivery of compliance activities into the future
- taking advantage of agile ways of working to coordinate the delivery of compliance outcomes
- embracing a customer-centric approach to compliance that supports customers to achieve first-time compliance
- leveraging our investments in technology to support compliance outcomes.

Our approach to compliance

As regulators, we have a range of tools at our disposal for delivering compliance outcomes and objectives. For example, we:

- publish guidelines for applicants to help them understand how to apply for regulatory consents
- regularly engage with customers, including regulated parties and other stakeholders
- conduct audits of regulated parties
- monitor regulated parties' compliance with conditions of consent or other regulatory requirements
- investigate potential breaches, and undertake enforcement actions or other compliance interventions where a breach is detected.

At the heart of our approach to compliance is understanding and making efficient use of the tools at our disposal in a targeted, flexible and coordinated way. We want to make full use of the range of compliance activities and responses available to us as regulators, and prioritise them so that we choose the right tools to support regulated parties to achieve first-time compliance.

The specific tools at our disposal will vary across regulatory systems and legislation, but can be broadly grouped into four core compliance activities – published information, compliance monitoring, engagement, and enforcement (see Figure 1 below; a more detailed overview of the common components of these categories is set out in Appendix 2).

Figure 1: Core compliance activities



How we prioritise compliance tools

In order to align our compliance activities across all four domains, we must think of these domains as part of a whole strategy, each playing a role in achieving our compliance objectives. These functions will often be split between different units, squads, teams or individuals, so a culture of collaboration, facilitated by agile ways of working, is necessary to coordinate these activities. An effective compliance strategy needs to drive, facilitate and support ongoing communication between these compliance activities to ensure they are aligned with the compliance objectives. (Compliance objectives are discussed further below.)

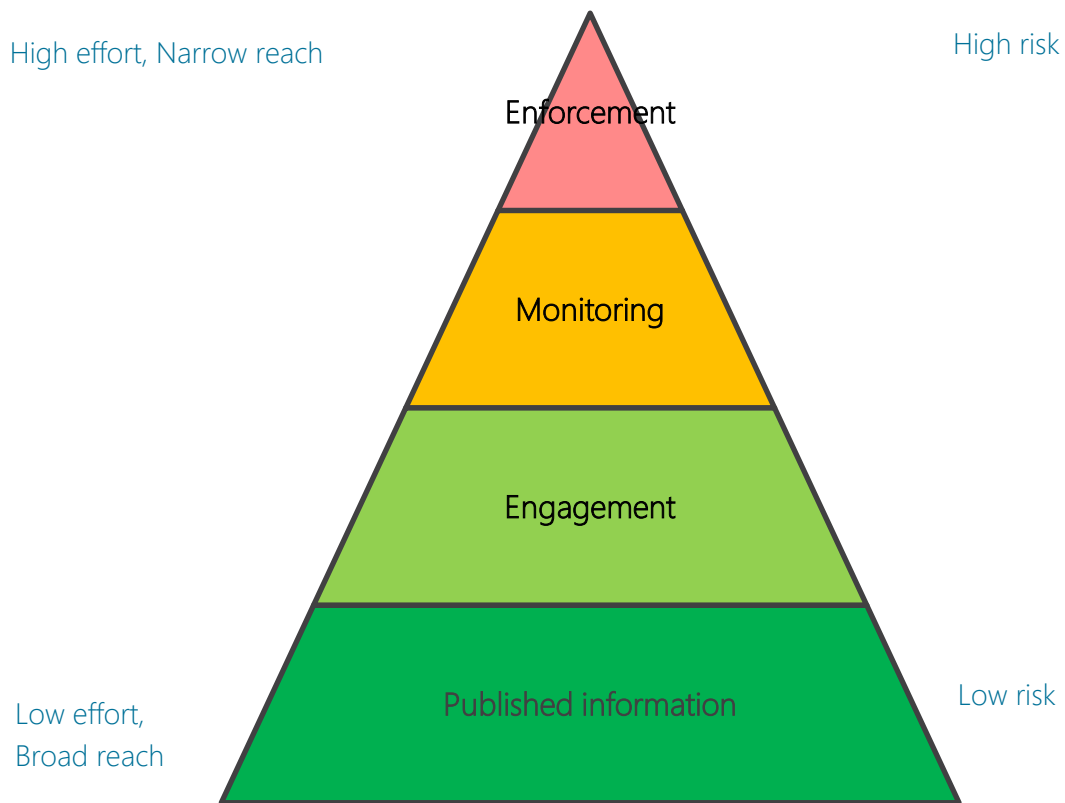
We recognise that parties by and large want to and are eager to comply. Our approach to compliance is about seeking out and prioritising opportunities to make compliance as easy as possible. Risk management actions – that is, coercive or punitive measures such as targeted monitoring or enforcement activities to compel compliance – should be the exception rather than the norm.

We prioritise our compliance activities according to three factors (as shown in the Figure 2, below): Reach, Effort, and Risk.

- The Reach (or Impact) of our compliance activity takes into consideration the number of regulated parties reached by the activity, as well as the likelihood the activity will positively contribute to promoting regulated party behaviours (that is, promoting compliance). We want to prioritise activities that reach the most customers and stakeholders. This typically means emphasising public guidance and information, and engagement in forums that maximise our outreach.
- Effort takes into consideration the internal resources, time and cost of engaging in the regulatory compliance activity. In general, guidance and engagements are less resource-intensive than monitoring and enforcement activities.
- We want to prioritise our efforts to manage the non-compliance risks that are most likely to impact the outcomes the regulatory system is intended to deliver. The more significant the risk, the more likely we are to escalate our compliance responses to make use of the tools that allow us to target the risk, including through a compliance intervention.

Under an effective compliance strategy, we will “do more” in the lower tiers, and “do less” in the higher tiers.

Figure 2: How we prioritise compliance activity



Activity at the bottom of the pyramid generally requires lower effort and has a broader reach. Most regulated parties want to comply, so providing useful information and actively engaging with them plays a significant role in communicating compliance responsibilities and realising our compliance objectives.

Activity in the higher tiers requires more effort and only reach the parties subject to the monitoring or enforcement effort. Generally speaking, we want to reserve actions in these domains for the highest risks to compliance objectives: those unwilling to (or with strong disincentives to) comply, or those who are most likely to cause harm to the regulatory outcomes the system is intended to deliver.

The compliance activities in each tier should support and inform our activities in the tiers above, and our use of compliance tools in the higher tiers cascades down to inform and improve our compliance activities in the tiers below.

Principles guiding our approach

Our approach to compliance is guided by the following principles:

- We are risk-based and outcomes-focused.
- We are customer-centric and responsive.
- We are agile and coordinated.
- We are transparent and predictable.
- We are fair, reasonable and proportionate in responding to non-compliance.
- We are supported by strong, secure technology platforms.

These principles reflect our compliance ethos. For each of these principles, we have articulated our expectations of how they will be reflected in our culture and practice.

Risk-based and outcomes-focused

A compliance strategy is about making effective use of our compliance tools and resources to achieve regulatory outcomes. It does this by focusing effort on the most significant risks to achieving regulatory outcomes.

We will focus our compliance efforts on the most significant risks and opportunities to achieving regulatory outcomes. To achieve this, we need to be clear about the regulatory outcomes we are seeking to achieve. Regulatory outcomes are identified through the legislation and are typically set out in the regulatory charter. Compliance strategies will clearly articulate the compliance objectives and the timeframes for achieving them.

We will proactively identify and monitor risks to the regulatory outcomes. We use information from our technology platforms to identify drivers of compliance and non-compliance, and new or emerging risks to compliance.

We will measure the impact of our compliance activities on regulatory system outcomes and risks. Compliance objectives should be measurable, such as by being specified as a SMART goal. Those goals should be results-oriented, with clearly defined and measurable impacts on compliance. One or more separate impact measures may be useful proxies if the compliance objective can't be measured directly.

Customer-centric and responsive

We embrace the ethos of customer-centric regulation. This means putting the customer at the centre of our design.

We will make it as easy as practicable for regulated parties to understand and comply. This includes providing useful and accessible information about the regulatory regime, and how to engage with the regulator and regulatory system.

We will proactively support customers to comply. This will be achieved through published guidance, engagements, and the design of our business rules and processes. We will review and update our rules, standards, regulations and guidance as necessary to improve their accessibility.

We will seek to understand the interests and priorities of regulated parties and other important stakeholders. This lets us design our systems to make compliance easy and responsive while delivering desirable regulated outcomes.

Agile and coordinated

The operational functions that support our compliance activities are often split between different units, squads, teams or individuals within Toitū Te Whenua. To be effective, we need to drive, facilitate and support ongoing communication between these teams to ensure they are aligned with the compliance objectives. We also recognise that our compliance activities do not occur in a vacuum, but work in concert with the activities of other stakeholders, such as the professional and statutory bodies responsible for overseeing conveyancing professionals, lawyers and surveyors.

We have a shared sense of purpose and strategic direction. We achieve this by aligning our compliance strategy with our strategic intentions.

We will coordinate compliance activities across functions, teams and regulatory systems. We will provide customers with consistent and joined-up advice.

We will build and maintain a learning culture where we can respond to compliance challenges, adapt our compliance activities to the future, and recognise compliance opportunities.

We will collaborate with other regulators, where appropriate, to align our compliance activities.

Transparent and predictable

We need to be transparent about our compliance objectives and priorities, and predictable in our approach to non-compliance. Publication of our compliance strategy, including our compliance priorities, is a core deliverable for this principle.

We will provide useful information to regulated parties, other stakeholders and interested parties about their compliance obligations, our compliance activities and priorities, and the consequences of non-compliance.

We will be clear about the regulatory outcomes we are seeking to achieve, and clearly articulate our compliance objectives and the timeframes for achieving them.

We will set clear expectations – through published guidance, one-on-one and public engagements, auditing activities, and enforcement responses – for those interacting with us. We will review and update our rules, standards, and guidance as necessary to improve accessibility and make sure our risk management controls are proportionate to the risks.

Fair, reasonable and proportionate

This principle captures our enforcement powers – the coercive or punitive measures available to compel compliance or address non-compliance.

We will use the full range of compliance interventions and incentives to support compliance outcomes. We will understand the tools available across published information, engagement, monitoring and enforcement.

We will prioritise our compliance responses according to risk, effort and reach.

We will be proactive in responding to potential non-compliance. We will make sure our risk management controls and compliance interventions are proportionate to the risks.

Strong technology platforms

Strong, secure technology platforms are a LINZ-wide strategic intention.

We will continue to invest in and develop our strong technology platforms to make it as easy as practicable for customers to comply.

We will ensure our technology platforms are user-friendly and intuitive. We seek feedback from our customers to understand wants, needs and priorities for our technology platforms.

We will use data extracted from our technology platforms to understand and improve first-time compliance.