

IN CONFIDENCE

Office of the Minister for Land Information

Chair, Cabinet Economic Policy Committee

Priorities for the Land Information portfolio and Cabinet report on progress: Southern Positioning Augmentation Network (SouthPAN) and Survey and Title Enhancement Programme (STEP)

Proposal

- 1 This paper identifies my priorities for the Land Information portfolio and provides an overview of issues that require Cabinet decisions in the coming months. It also updates Cabinet on two significant infrastructure projects – SouthPAN and STEP.

Relation to government priorities

- 2 The Land Information portfolio provides key building blocks for a stable economy, economic growth and innovation. The portfolio supports the government's priorities to enable effective decision making, maximise Crown assets, and create efficient value-driven services.
- 3 SouthPAN and STEP both support the government's priority of managing a strong economy and delivering benefits to the New Zealand public. This paper combines the two updates to Cabinet on the progress of SouthPAN [DEV-23-MIN-0093 refers] and STEP [GOV-22-MIN-0053 refers].

Executive Summary

- 4 The functions in the Land Information portfolio are broad, and the portfolio is digital and data driven. A large range of customers use the data generated to anticipate problems and opportunities, as well as plan and design better services for New Zealand.
- 5 Four regulatory regimes form the basis of the Land Information portfolio. I have identified priorities in each of these four regulatory areas, as follows:
 - 5.1 **Overseas investment** – improve the overseas investment regime by delivering efficiency and greater certainty to investors.
 - 5.2 **Crown land** – utilise existing Crown land assets effectively.
 - 5.3 **Geographic and property information** – maximise opportunities with geographic and property data to encourage greater productivity and innovation.

- 5.4 **Property rights** – deliver an efficient and modern property rights system.
- 6 Two significant projects in the portfolio are a key part of the portfolio delivering value to New Zealand: SouthPAN and STEP.
- 6.1 **SouthPAN** is a satellite-based augmentation system that will improve the accuracy and reliability of positioning and navigation services to as little as 10 centimetres in New Zealand and Australia.
- 6.2 **STEP** is the modernisation of the Landonline property system, which underpins private property rights in New Zealand. Outdated technology is being replaced to ensure Landonline remains world-class and delivers a modern, secure, and efficient system for New Zealanders.
- 7 Both projects are an important part of New Zealand's economic infrastructure and are already delivering benefits to New Zealanders. Both are progressing well and are within their forecasted budgets. A full discussion of the progress of both initiatives is set out in this paper.

The Land Information portfolio provides key building blocks for a stable economy, economic growth and innovation

- 8 I wish to outline my priorities for Land Information and provide an overview of issues that require Cabinet decisions in the coming months.
- 9 Four regulatory regimes form the basis of the Land Information portfolio. These are: delivery of the overseas investment regime, Crown land, geographic and property information, and property rights.
- 10 I have identified priorities in each of these four regulatory areas, as follows:
- 10.1 **Overseas investment** – improve the overseas investment regime by delivering efficiency and greater certainty to investors.
- 10.2 **Crown land** – utilise existing Crown land assets effectively.
- 10.3 **Geographic and property information** – maximise opportunities with geographic and property data to encourage greater productivity and innovation.
- 10.4 **Property rights** – deliver an efficient and modern property rights system.

Overseas Investment

- 11 As regulator of the overseas investment regime, Land Information New Zealand (LINZ)'s role is to facilitate overseas investment in sensitive assets that benefit New Zealand. Approximately 15 percent of all foreign direct investment into New Zealand is subject to the overseas investment regime and in the 2022/23 financial year, investments worth more than \$24 billion were granted consent.

- 12 Capitalising on overseas investment opportunities - I am working alongside other Ministers to capitalise on overseas investment opportunities in line with government priorities. This includes our stated objectives to facilitate build-to-rent investments, limit Ministerial decision-making to national security concerns, and to make decision-making more timely.

Crown Land

- 13 LINZ manages around 1.7 million hectares of Crown land, about 8 percent of New Zealand's land area. This land includes Crown pastoral land, river and lakebeds, land held on behalf of other public sector agencies and the Treaty Settlements Landbank.

Improvements to the Public Works Act

- 14 LINZ administers the regulatory regime under the Public Works Act 1981 (PWA). The PWA gives the Crown and local authorities the power to acquire land from private landowners for government and local public works, such as schools, roads and hospitals. It sets out processes that balances and protects the rights of private landowners, with the need to acquire land interests to enable vital public works to proceed.

- 15 I am aware of the tensions in these processes through my involvement in the recently introduced Fast Track Approvals Bill (FTA Bill). [REDACTED]

Crown land use and generating revenue

- 16 I want to ensure that LINZ-administered Crown land is being utilised to its full potential. This includes South Island high country land that is leased for pastoral farming and properties held in the Treaty Settlements Landbank. Some land also provides public services including access to natural areas and freedom camping.

- 17 LINZ collects revenue through tenancing property, forestry, pastoral lease rents and other licences, which is returned to the Crown. [REDACTED]

Māori land and Treaty commitments

- 18 LINZ has a role supporting and implementing the Treaty settlement process relating to land. This can include transferring LINZ-held land to iwi ownership, entering into deeds of recognition or other mechanisms relating to the management of land, and recording title instruments against land or place name changes. Resources are being directed to support efficient and timely Treaty settlements processes to enable iwi to regain title and use over land.

Geographic and Property Information

- 19 LINZ collects and manages geographic and property information about physical features on the land, depths of the seafloor, property boundaries, addresses, and geographic place names. LINZ also supports Ngā Pou Taunaha o Aotearoa New Zealand Geographic Board, the national place naming authority for New Zealand.
- 20 Geographic information collected is used to produce more than 2,000 datasets, 480 topographic maps, and 525 nautical charts for New Zealand, some Pacific Island countries and the Ross Sea region of Antarctica. The geographic information also encompasses information relating to land parcels and ownership that enables accurate land management, valuation, transacting, and decision-making.
- 21 LINZ makes this data and information open, accessible and available for reuse by the public to enable better decision-making and inspire innovation. Local councils and other organisations use data collected and administered by LINZ for infrastructure planning and resilience, property development, and risk assessments and mitigation of natural hazards, such as flooding.

Delivering SouthPAN

- 22 Paragraph 27 provides an update to Cabinet on the progress of SouthPAN [DEV-23-MIN-0093 refers].

Strengthening the Rating Valuations Act 1998

- 23 The objective of the Rating Valuation (RV) system is to produce district valuation rolls that are based on a nationally consistent, impartial, independent and equitable valuation system, so local councils and Territorial Authorities can implement their rating policies. However, the accuracy of these revaluations is declining, with a lack of quality sales data being a key factor (i.e., price of sale is not provided, or details of sale are incomplete).
- 24 Correct rating valuations are essential for councils to implement their rating policies, as rates now generate approximately 59 percent of local government income. [REDACTED]

Property Rights

- 25 Property services are a significant contributor to the New Zealand economy. The core of the property rights regime is a land registration regime which guarantees title. Many services rely on a state guarantee of property rights, restrictions, and responsibility, which LINZ administers. New Zealand's digital

property platform for land registration (Landonline) is world-class, holding over 2.3 million land titles.

Modernising Landonline through STEP

- 26 Paragraph 41 provides an update to Cabinet on the progress of STEP [GOV-22-MIN-0053 refers].

Southern Positioning Augmentation Network (SouthPAN)

- 27 SouthPAN is a satellite-based augmentation system that will improve the accuracy and reliability of positioning and navigation services in New Zealand and Australia. It will improve the accuracy and reliability of global positioning signals, such as GPS, from 5 to 10 metres down to as little as 10 centimetres on land and sea, without the need for mobile or internet coverage.
- 28 SouthPAN will enable cost-effective precision agricultural technology, support the automation of vehicles, and allow aircraft to safely operate in challenging weather conditions. It will provide a platform for innovation and improve productivity in sectors such as construction, forestry and agriculture.
- 29 SouthPAN will be the first satellite-based augmentation system in the Southern Hemisphere. Similar systems operate in North America, Europe, Japan, China, India, and Russia. Other countries, including the United Kingdom, South Korea, Pakistan, Algeria, and Türkiye are actively investing in this technology.

SouthPAN is a joint project with Australia to enable greater accuracy and reliability of positioning data

- 30 LINZ and Geoscience Australia are the lead government agencies working in partnership, alongside key contractors, to build and operate the SouthPAN network.
- 31 An Australia-New Zealand Joint Governance Board owns and manages all risks pertaining to SouthPAN service delivery, financial management and system security. LINZ and Geoscience Australia have equal voice and decision rights through the Board.
- 32 SouthPAN is a long-term trans-Tasman project, which has been identified as a key deliverable under the Single Economic Market agenda. Through a collaborative and transparent approach, good trans-Tasman relationships have been developed and maintained.

Delivery of purpose-built infrastructure is progressing, with early services being delivered

- 33 The SouthPAN network will be made up of two satellite payload services, two computation and uplink centres (one in Awarua, Invercargill and one in Uralla, New South Wales), and over 35 ground reference stations across New Zealand and Australia.

34 Cabinet was last updated on SouthPAN in May 2023 [DEV-23-MIN-0093 refers]. Since then, the contract for the first satellite payload service has been awarded and procurement for the second satellite payload service is underway. [REDACTED]

35 Early SouthPAN services are being delivered using existing satellite and ground infrastructure where appropriate. The accuracy and availability of services will improve as purpose-built ground and space infrastructure comes online. By 2028, SouthPAN will achieve full operating capability and be able to support safety-of-life applications necessary for aviation.

36 The joint SouthPAN project status is Amber, reflecting ongoing pressure on the schedule and joint resourcing. However, the project is on track regarding critical project milestones, and these risks are being actively managed.

Costs are within budget, [REDACTED]

37 New Zealand would not be able to undertake a project of this scale and complexity on its own. New Zealand contributes 25 percent, and Australia 75 percent, of the shared costs for SouthPAN services.

38 The total approved New Zealand funding covers the following:

38.1 **Operating funding** of \$781.0 million. [REDACTED]

38.2 **Capital funding** of \$10.9 million.

39 Costs are tracking within the expected budget. Life to date expenditure to 31 January 2024 is \$73.7 million. [REDACTED]

40 SouthPAN is affected by cost uncertainty due to being an international, multi-year project. [REDACTED]

Survey and Title Enhancement Programme (STEP)

41 STEP is an in-house programme to upgrade New Zealand's survey and title information technology platform, Landonline, and build capability to continually update Landonline without future one-off investments by government.

42 Landonline underpins private property rights in New Zealand by providing New Zealand's record of land ownership and maintaining the official record of property boundaries. The system is used by all land surveyors and conveyancers to conduct land transactions.

- 43 Landonline is more than 20 years old. While it was a world-leading system in its time, it is based on outdated technology that is time-consuming to update, less flexible, is a higher risk than modern systems, and expensive to maintain.
- 44 STEP aims to deliver a flexible, modular, secure, and more adaptable technology platform, with higher quality survey and title services covering a broader range of transactions. STEP will improve productivity by integrating Landonline property data with other systems and enable better access to property information for the public and decision makers.
- 45 Programme status is Green and Landonline modernisation will be substantially complete by mid-2025.

STEP is already delivering benefits to system users and the economy

- 46 Cabinet was last updated on STEP in December 2022 [GOV-22-MIN-0053 refers]. Since then, up to 70 percent of survey and title transactions by volume can be undertaken on the modernised system. All surveyors are using the new platform to capture and upload cadastral survey plans, and conveyancers can conduct most straightforward sale and purchase transactions.
- 47 The surveying, conveyancing, territorial authority and financial communities strongly support STEP and have been directly involved in the design, piloting and roll-out of new features since the programme began in 2019.
- 48 All territorial authorities are now using the automated Notice of Change of property ownership service first introduced in 2020, allowing councils to automatically update rating databases when a property changes hands. Councils and law firms report significant time and cost savings and improved data accuracy.
- 49 Seventeen financial institutions are using a similar newly automated service that notifies lenders when a mortgage is discharged or registered against a property, covering 96 percent of all mortgage transactions.
- 50 The new notices services are already enabling over \$90 million in anticipated productivity benefits, and the completed system is expected to enable financial efficiency savings of over \$124 million for customers and third parties within the 12-year whole of life period to 2030.
- 51 Public Land Record Search is an online search tool that enables easy and swift access to property information. The tool replaced a manual request service that took several days to complete. Since its release in February 2021, user transaction volumes exceeded forecasts by double.

Modernising Landonline is critical to the New Zealand property system, and risks are actively monitored

- 52 The STEP independent governance board oversees the programme to ensure delivery within scope, time and budget, and realisation of benefits for customers and New Zealand. The board also monitors risks.

53 The main operational delivery risks the programme is managing are the potential for unanticipated complexity in developing modernised services, and workforce turnover in a fluid IT job market. In 2024, LINZ will complete a plan outlining the transition from programme activity to the new operating model the modernised platform makes possible. The plan will cover ongoing accountability reporting to Ministers and Cabinet.

Costs are within budget; no further capital is sought

54 STEP has a forecast capital cost of \$175.7 million. A \$103 million repayable capital injection was allocated to the programme in Budget 2018. The balance of programme costs is covered by LINZ capital reserves of \$32.9 million and ongoing recycled depreciation funding.

55 The \$103 million tagged contingency funding has been fully allocated, and further Crown capital funding is not required to complete the programme.

56 Landonline operating costs, including the cost of modernisation, are entirely funded by Landonline users through regulated transaction fees charged to surveyors and conveyancers who pass those costs onto clients.

57 The current survey and title fees were implemented in February 2022. I have considered advice on survey and title fees, given the changing financial environment due to factors such as property transaction volumes and the costs of modernising Landonline. As such, I will seek Cabinet approval to release a consultation document for reviewing survey and title fees in a separate and parallel Cabinet paper to this one.

58 Joint Ministers responsible for the programme (Land Information, Finance, and Digitising Government) are authorised by Cabinet to periodically approve capital expenditure. LINZ next expects to seek expenditure approvals in late 2024. This request will cover the final stage of the programme from July 2025.

Financial Implications

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[REDACTED]

60 **STEP:** The completion of STEP will not require further Crown capital funding.

Cost-of-living, legislative, human rights, gender and disability implications

61 This paper has no cost-of-living, legislative, human rights, gender or disability implications.

Use of external resources

62 No external resources were engaged in the preparation of this paper.

Consultation

- 63 The Treasury, Ministry of Transport, Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment, and the Office of the Government Chief Digital Officer were consulted on the content of this paper. The Department of the Prime Minister and Cabinet and Te Kawa Mataaho Public Service Commission were informed.

Communications

- 64 **SouthPAN:** Regular announcements are made on project milestones (such as on procurement and as ground infrastructure is developed), as well as industry articles and presentations to priority sectors.
- 65 **STEP:** Regular announcements are made on project milestones. Officials are working closely with professional communities, including testing and piloting new services, and presentations to professional bodies. Joint Ministers receive quarterly updates on programme progress.

Proactive Release

- 66 I propose to release this paper proactively. Release is subject to due diligence process and redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister for Land Information recommends the Committee:

- 1 **Note** my priorities for the Land Information portfolio [REDACTED]
- 2 In relation to **SouthPAN**:
- 2.1 **note** that on 31 May 2023 Cabinet agreed that the next report back on the Southern Positioning Augmentation Network (SouthPAN) would be in March 2024 [DEV-23-MIN-0093 refers];
- 2.2 **note** that SouthPAN is an initiative to deliver a satellite-based augmentation system to Australasia, in partnership with Geoscience Australia;
- 2.3 **note** that the development of purpose-built infrastructure is underway, and services will improve over time, with full operating capability to be delivered in 2028;
- 2.4 **note** that costs are tracking within budget, [REDACTED] and [REDACTED];
- 2.5 **invite** the Minister for Land Information to report back on SouthPAN's progress in September 2024.

3 In relation to **STEP**:

- 3.1 **note** that on 8 December 2022 Cabinet invited the Minister for Land Information to provide a further update on the Survey and Title Enhancement Programme (STEP) in July 2023 [GOV-22-MIN-0053 refers], but this was delayed and combined with this report;
- 3.2 **note** that STEP is an initiative to deliver an upgraded and improved version of Landonline, New Zealand's survey and title information technology platform;
- 3.3 **note** that Landonline modernisation will be substantially complete by mid-2025;
- 3.4 **note** that costs are within budget, and further Crown capital funding is not required to complete the programme; and
- 3.5 **invite** the Minister for Land Information to report back to Cabinet on STEP's progress in July 2025.

Authorised for lodgement

Hon Chris Penk

Minister for Land Information