

# Stage 2 Cost Recovery Impact Statement

## Updating fees for survey and title services 2024

### Agency Disclosure Statement

This Cost Recovery Impact Statement (CRIS) has been prepared by Toitū Te Whenua Land Information New Zealand (LINZ).

The scope of the LINZ survey and title fees review is limited to updating existing fees applied to survey and title service users, sufficient to recover the forecast costs of delivering those services due to system modernisation and increased costs of ongoing operation.

The scope does not include the policy and legislative rationale for survey and title services.

This CRIS provides an analysis of options and is informed by feedback from industry stakeholders and the public from consultation on options for updated fees. The consultation ran from 29 April to 7 June 2024.

The options are based on a LINZ fees model of actual and forecast operational expenses and fee revenues. The LINZ budget for 2024/25 and outyears includes the 6.5 per cent in cost reductions made as part of the Government Budget published on 30 May 2024.

The forecast annual level of revenues (with and without updated fees) is informed by regular projections sourced from the New Zealand Institute of Economic Research (NZIER). The LINZ fees model has been independently reviewed by KPMG New Zealand.

The analysis of options draws on the cost recovery principles and guidance from the Treasury and the Office of the Auditor-General.

Decisions by Government on the final proposal for updated fees, will then permit the drafting of three sets of amended fees regulations by the Parliamentary Counsel Office (PCO) and LINZ. The Cabinet Legislation Committee will then be asked to approve the amended regulations, subject to consideration by the Executive Council and the Governor-General.

This CRIS will be published on the LINZ website on Thursday 7 November 2024.



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## Executive summary

LINZ is responsible for maintaining the land title register and cadastral survey records ('survey and title services'). New Zealand's property market and land development industries rely on these secure, efficient and timely services, which are delivered through the Landonline technology platform. New Zealand has a very good reputation internationally for property rights administration.

These services are funded by fees charged by LINZ to the users of the services. These users are the public, solicitors and other conveyancing professionals, and surveyors. Survey and title services are funded by fees because the services primarily provide a private benefit to the person receiving the services (the holders of property titles and other interests).

LINZ continuously monitors forecast costs and revenue, and regularly reviews fees. This review was in response to changes to forecast costs and revenue.

In the year ended 30 June 2023, LINZ received \$77.9 million in revenue from survey and title fees and the cost of delivering services was \$91.4 million. This deficit in revenue is reflected in a memorandum account<sup>1</sup>. From 1 July 2024, the survey and title memorandum account is forecast to have a rising deficit balance resulting from:

- lower than budgeted survey and title fee revenues, because of reduced property market activity and lower transaction volumes,
- increased investment in modernising the Landonline system through the Survey and Title Enhancement Programme (STEP), which is delivering a series of improved technology products and services for customers, and
- increases in costs to support the core property rights system, including maintaining the Legacy Landonline system for a longer period than anticipated.

Over the STEP whole-of-life period to 2030, the total capital expenditure will be \$175.7 million, and the operating expenditure will be \$76.1 million. This total includes the increased investment in STEP of \$72 million as reported to Cabinet in July 2022. The reasons for the rise in STEP costs were external factors including higher than forecast inflation and tight labour market conditions felt across the information technology sector, that impacted workforce turnover and increased the programme's overall costs and delivery timeframe.

If fees revenue stays below costs there is a risk to the administration of the survey and title system, as rebalancing the memorandum account could then require a substantial reduction in modernisation and operating costs. This would affect the timeliness, quality and security of survey and title services.

The forecast fee revenues required to recover costs over the 10-year period are \$135 million each year, which will recover the costs of the modernisation of Landonline and ongoing operations.

LINZ has prepared a fees model to attribute the costs of providing survey and title services. Under the preferred option, recovering costs will require fees for the most common titles transactions to rise to \$122 (a 36 per cent increase), and the most common survey transactions to rise to \$1,130 (a 33 per cent increase).

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<sup>1</sup> This type of account allows LINZ to keep revenue when survey and title fees bring in more fees than budgeted and is used to fund services when there is a deficit.

The proposed updated fees for simple residential transactions (with a mortgage) at \$122 per transfer or mortgage instrument are a small component of the total amount charged by a conveyancer or lawyer to a customer (see Table 1).

**Table 1: Survey and title fees for common property transactions**

Survey and title common activities*	Proposed final fees (GST inclusive)	Property transaction costs (simple residential)
Registering an instrument (online)	\$122	Residential conveyancing with mortgage: typically range from \$1,500 to \$2,500 depending on location and complexity
Creating a record of title	\$165	
Determining compliance of a cadastral survey dataset	\$422 (standard) \$1,130 (complex)	Surveying residential land: minimum survey fees of \$900 to \$2,000

\*Note: Discharge of a mortgage, transfer and registration of a new mortgage (DTM) would commonly involve three instrument registrations, charged to different customers. A standard residential sale and purchase would generally not require a new survey or a new record of title.

For households, the LINZ survey and title fees are only applied when houses are transacted. There is not believed to be a significant financial impact of fees on the value of property transactions, given fees are a very small proportion of house prices (REINZ report the national median house price was \$753,000 for July 2024).

Online search fees are proposed to rise from \$6 to \$8 each search (a 33 per cent increase), reflecting recovery of the costs of the increased investment in digital services. **Appendix 1** to this CRIS sets out the current fees as stated in regulations, the recommended option for updated fees stated for public consultation, and the final proposals for updated fees.

## Status quo

LINZ administers and regulates the property rights system, which provides New Zealanders with certainty regarding their land ownership and related rights and responsibilities. Certainty of land ownership is underpinned by government land registration which guarantees title, also known as the 'Torrens system'. The legal guarantee of title also ensures compensation, for example for any administrative error or for system failure.

LINZ is responsible for the administration of the Land Transfer Act 2017 and the Cadastral Survey Act 2002 (amongst other legislation). LINZ's core function of providing property rights administration ('survey and title') services is funded from fees, because of the private benefit to property owners and purchasers of these services. New Zealand's survey and title system is world-leading in timeliness, efficiency and quality ([World Bank, 2019](#)).

The official records of all land titles ('land register') and surveys ('cadastre') are held and administered electronically through a technology platform called Landonline. Landonline is accessed directly by:

- lawyers and conveyancers, who register land transfers, mortgages and other conveyancing transactions (including leases, easements, land covenants and other interests),
- surveyors, who lodge cadastral survey datasets (CSDs) to define new parcels as subdivisions, and to redefine boundaries when required, and
- real estate agents, valuers, developers, banks and other lenders, law enforcement agencies, and government organisations which require access to authoritative land information for business purposes.




Certain information in Landonline, such as records of title, is available to the public online through the LINZ Land Record Search (known as 'electronic search').

LINZ charges fees for survey and title services to allow the organisation to maintain and improve the system and provide support to customers (see later sections for more information). Professional users of the system, such as lawyers, conveyancers and surveyors, generally pay these fees, then invoice their clients for the cost.

Ultimately, everyone who owns property in New Zealand is a participant in the property rights system, which allows them to confidently own, use, buy and sell property safely and securely.

Survey and title services facilitate the secure and efficient creation and exchange of title, and other changes to a person's ownership or interests in land, including boundary changes.

**Table 2: Key benefits of LINZ survey and title services**

	<p>The official guarantee of <b>secure title</b> provides security of ownership, and greatly reduces the risk of boundary disputes (that is, who owns what land).</p> <p>Secure title can also be used as financial security for loans. A bank is more likely to lend to a person if the bank is confident that person is the rightful owner of a property. This security then enables broader private investment and economic activity for New Zealand.</p>
	<p><b>Efficient services</b> reduce the costs of buying, selling or changing rights in land (compared to a situation with no registration and recording of survey and title information).</p> <p>A central registration system enables property rights to be verified through an online search and makes it more straightforward for a solicitor or conveyancer to change owners or rights online.</p> <p>If the survey and title records were not held electronically and made easily available, people would need to spend more time carrying out their due diligence on a property purchase.</p> <p>Additionally, many survey and title services would have longer processing times.</p>
	<p><b>The residential and commercial property markets are dependent on clear and legally guaranteed title to property<sup>2</sup></b></p> <p>Title to land is guaranteed by the state and underwritten by the Land Transfer Act compensation regime. Landowners are protected in the event of loss due to title fraud or registration error.</p> <p>In countries (such as the USA) where there is no state guarantee, then landowners need to purchase title insurance. In the absence of the state guarantee, it has been estimated that title insurance would cost New Zealanders \$246 million each year<sup>3</sup>.</p>

<sup>2</sup> There are now over 2.3 million live property titles recorded on the land title register, and 2.6 million land parcels in the official cadastre administered by LINZ. As of September 2023, the total value of housing stock in New Zealand was \$1.59 trillion, and as of June 2021 there were an estimated 1,963,200 private dwellings ([Reserve Bank key statistics](#)).

As of July 2024, the national median house price was \$753,000 ([REINZ](#)).

In 2023, the commercial property market (in terms of revenue, not asset value) was estimated to be worth \$36 billion ([Commercial Property Operators in New Zealand - Market Size | IBISWorld](#)).

In addition to the value of property, the construction industry and the real estate service sector also generate considerable economic activity and employment.

<sup>3</sup> LINZ [Modernising Landonline](#) business case (October 2018), pages 40 and 82.

## Reviews of cost recovery charges - defining the problem

Survey and title fee revenues are lower than needed to recover the increased costs of system modernisation and operation.

### Fee revenues have been below budget

The budgeted level of fees revenue is based on regular external forecasts of the volume of property transactions for which LINZ charges a fee (see page 7). Transaction volumes are difficult to predict as they change based on the property market, so LINZ assumes the 'medium' of three scenarios for market activity (i.e. 'low', 'medium', and 'high').

For example, for the 2022/23 fiscal year actual fee revenues of \$77.9 million were \$3.8 million below the forecast revenue of \$81.7 million.

### Modernisation and operating expenses have increased

From 2021/22 to 2022/23, LINZ operating expenses for survey and title administration rose from \$78.9 million to \$91.4 million. This rise in expenses reflected the increased financial investment in the Survey and Title Enhancement Programme (STEP), and a rise in the core costs of survey and title administration. This rise in costs was due to investment to maintain service delivery quality, and labour market conditions (reflected in pay rates for staff).

#### Investment in modernising Landonline (STEP)

Over the STEP whole-of-life period to 2030, the total capital expenditure is to be \$175.7 million, and the operating expenditure will be \$76.1 million. The STEP capital expenditure is mainly funded from the \$103 million allocation to the programme in Budget 2018<sup>4</sup> (repayable over 10 years). The rest of the funding was from LINZ accumulated depreciation.

In July 2022, the Minister for Land Information provided advice to Cabinet that STEP will incur \$72 million in additional capital and operating costs, and involve a longer delivery to 2026<sup>5</sup>. LINZ did not seek any additional Government funding for the STEP programme.

The rise in costs is due to external factors including higher than forecast inflation and tight labour market conditions felt across the information technology sector, that impacted workforce turnover and increased the programme's overall costs and delivery timeframe.

An independent analysis of benefits realisation has found that STEP remains on track to fully meet its anticipated benefits and is likely to exceed them.

One of the benefits is to provide financial efficiency savings of \$124 million for users of automated property transaction and mortgage notifications services over the STEP 12 year whole-of-life period to 2030. As of July 2023, \$89.4 million of that goal has been met. So far these efficiency savings have been achieved for territorial authorities, financial institutions and lawyers/conveyancers.

LINZ undertakes annual surveys of around 600 randomly selected Landonline users to measure satisfaction with services. Both the 2022 and 2023 surveys found high levels of satisfaction, significantly above the baseline level. Positive responses for New Landonline were higher than for Legacy Landonline.

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<sup>4</sup> Reference: CAB-18-MIN-0158.18, 9 April 2018

<sup>5</sup> Reference: GOV-22-MIN-0026, 4 August 2022

The depreciation of the increased capital investment in STEP will contribute to total operating expenses exceeding the current level of fee revenues. In addition, the costs of maintaining the Legacy Landonline system will increase due to the extended timeframe to deliver the modernised Landonline. The Legacy Landonline system must be kept operating until New Landonline is fully operational.

The difference between fee revenues and the cost of operations is reflected in the balance of the survey and title memorandum account, which tracks revenue and costs for the survey and title system. The balance of the memorandum account is reported each year in the LINZ Annual Report.

The trend of expenditures being greater than revenues will lead to the closing balance of the survey and title memorandum account changing from a surplus of \$27.4 million on 30 June 2023, to a forecast deficit of around \$41 million by 30 June 2025.

### **A continued deficit is a risk to survey and title administration**

This forecast deficit is a risk to the financial sustainability of LINZ and to the ongoing funding of survey and title services. LINZ uses fees to run survey and title operations. If there is a deficit and no other funding can be obtained, then LINZ would need to greatly reduce the investment in the modernisation of Landonline and the costs of survey and title administration. These reductions would risk the ability to maintain the timeliness, quality and security of survey and title services, and could significantly degrade New Zealand's international reputation for survey and title administration.

The Government's 2023 Budget approved a repayable line of credit of up to \$85 million over three years to maintain the balance of the survey and title memorandum account and ensure service continuity until a fee review is carried out.

### **The forecast costs of survey and title administration**

The LINZ fees model<sup>6</sup> has forecast an average annual fee revenue requirement of \$135 million to recover increased costs over the period from 2025/26 to 2034/35. These requirements result directly from increases in STEP delivery operating expenditure, depreciation (including repayment of the Crown loan of \$103 million), and ongoing increases in costs for digital delivery services.

Following the introduction of updated survey and title fees as proposed in the discussion document released on 29 April 2024<sup>7</sup>, the survey and title memorandum account would shift from a forecast \$41 million deficit in July 2025 to a nil balance by July 2035.

### **Forecasts of transaction volumes**

The annual total of property market transactions fluctuates from year to year. The survey and title fees model assumes a level of overall demand for the services for which LINZ applies a fee. These forecasts are informed by the twice-yearly forecasts from the New Zealand Institute of Economic Research (NZIER) for key business lines for LINZ: title and notices, cadastral survey datasets (CSDs), and electronic searches. LINZ has applied the NZIER forecasts as part of the fees model.

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<sup>6</sup> The model used is based on a detailed activity-based costing model which identified the specific costs of processing transactions and operating Landonline, and the wider survey and title system.

<sup>7</sup> [Proposals to update fees for LINZ survey and title services | Toitū Te Whenua - Land Information New Zealand.](#)






## Cost Recovery Principles and Objectives

### Review of funding arrangements

The review has been conducted in line with the cost recovery guidance by the Treasury and the Office of the Auditor-General.

A set of five criteria to assess options for updated survey and title fees are drawn from the principles set out in the Treasury’s cost recovery guidance.

**Table 3: Assessment criteria for the LINZ survey and title fees review**

	<p><b>Fair:</b> Users of services should pay unless there is a good reason for them not to. Costs to be recovered should be allocated according to those who receive the service.</p>
	<p><b>Effective:</b> The funding approach or method should support the reasons for the service.</p>
	<p><b>Efficient:</b> The funding approach should help ensure services provide value for money. Value for money can be defined as <i>administrative</i> efficiency (that is, more of the service cannot be provided without sacrificing provision of another service) and <i>economic/allocative</i> efficiency (that is, the service provides a marginal benefit to the user equal to the marginal cost of operating that service).</p>
	<p><b>Sustainable:</b> The funding approach taken must support the long-term financial sustainability of services. Reliance on Crown funding should be minimised.</p>
	<p><b>Transparent/predictable:</b> There must be a clear line of sight between the service provided and the costs to be recovered. It must be clear what service the fees are being collected for, from whom, and why.</p>



## Policy Rationale: Why a user charge? And what type is most appropriate?

LINZ looked at three alternative approaches to fund survey and title services and assessed each against the five criteria stated above (see the following section). A fees system is fairer, more effective, efficient and transparent than the alternatives. At this time, LINZ will maintain the approach of survey and title services being funded by fees.

LINZ applies a set of fees for survey and title transactions to recover the costs of operation. These fees are authorised in the relevant legislation and laid out in three sets of regulations. **Appendix 1** states the current fees.

Based on the value of property, the users of survey and title services (such as property owners, developers, sellers and purchasers) receive a substantial economic benefit from the services which LINZ provides. The economic characteristics of survey and title transactions are that they are 'private goods', meaning that the people who use the services gain benefits from it that non-users do not. This rationale is consistent with the considerations stated in the *Treasury Guidelines for Setting Charges in the Public Sector (2017)*.

Survey plans, conveyancing instruments and secure title are specific to owners of the property and provide a substantial economic benefit. There is a strong case for recovering the costs of a private good from those who benefit from it.

### **Fees are a very small part of residential investment**

LINZ survey and title fee revenues in 2022/23 were \$77.9 million. For the year ended 30 June 2023, a total of 64,071 house sales were recorded and the total real residential investment was \$17.1 billion (source: RBNZ key statistics). On this comparison, the survey and title fees amounted to less than 0.5 per cent of real residential investment for the year.

### **Assessing alternative funding approaches**

Administratively feasible approaches for the cost recovery of survey and title services are:

Approach 1: Maintain the existing system of fees and charges (the status quo).

Approach 2: Propose a levy on property owners<sup>8</sup> to fund the ongoing costs of property rights administration and modernisation, on the grounds that secure title (through the Land Title Register) is an ongoing economic benefit to owners (a 'club good') and a wider public good.






Approach 3: Propose that Crown funding, through Vote Lands, could meet the costs of property rights administration.

Table 4 provides a narrow assessment of each alternative approach against the five evaluation criteria used for this fees review. A full cost-benefit analysis was outside the scope of this survey and title fees review so the scoring does not consider detailed forecasts of revenues and operating expenditures, or the respective economic impacts and risks of each approach. This assessment also does not consider the wider 'public good' benefits of survey and title administration and the Land Title Register.

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<sup>8</sup> An example of an existing 'property' levy is the [Fire and Emergency levy](#) payable by insurers. This levy, payable on residential buildings, is calculated to a maximum of \$119.50 (excluding GST) on 1 July 2024. For the year ended 30 June 2022, the levy contributed \$638.17 million to fund Fire and Emergency New Zealand.

**Table 4: Assessment of alternative approaches to funding survey and title administration**

Criteria for this fees review	Alternative feasible funding approaches		
	Approach 1: Fees system (status quo)	Approach 2: Levy system	Approach 3: Crown funding
 Fair	✓ Fees are applied only for customers who use survey and title services	N A levy would spread costs of the system across people who do not all use specific survey and title services, but who all benefit from secure title (a 'club good')	✗ Crown funding would spread costs of the system across all taxpayers, who do not all use survey and title services
 Effective	✓ Fees provide sufficient revenues to fund the system	✓ A levy would provide sufficient revenues to fund the system	✓ Crown funding could support the 'public good' aspects of the system
 Efficient	✓ A fees system is most consistent with the Treasury guidance on charging for 'private goods' services	N While a levy would fund services, only a proportion of property owners use specific survey and title services in any year (typically 3% to 5% of homeowners)	N Crown funding would be inconsistent with the Treasury guidance on cost recovery for 'private goods'
 Sustainable	N Sustainability of funding is affected by the levels of property market activity and transactions	✓ A levy would provide a consistent level of revenue, and like a fee system, the levy rate would need to be updated to recover rises in costs	✗ Survey and title administration would require at least \$91 million in annual Crown funding (based on the 2022/23 year)
 Transparent	✓ The existing legislation and regulations authorise a transparent and predictable fee-for-service system	N A levy would require legislative change, and while a set levy would be predictable, it could break the link between service delivery and cost recovery	N While Crown funding could be predictable, it would break the link between service delivery and cost recovery
	<b>4</b>	<b>2</b>	<b>-1</b>
	<b>Rating scale key</b>		<b>Level to which option meets criterion</b>
	✓		Better for the criterion
	✗		Worse for the criterion
	N		Neutral for the criterion

## LINZ proposes to maintain its current funding approach

When the criteria are applied, approaches 1 (the status quo) and 2 (a levy system) score higher than approach 3 (Crown funding).

Therefore, LINZ proposes to maintain the current fees system for the purposes of this review.

A **fees system** (the status quo) is the most consistent with the five principles. It is fair, effective and efficient, in terms of the definition of these principles for the purposes of cost recovery. The regulatory framework for survey and title fees is transparent and predictable, as the specific fees are published in regulations. Consequently, there is a clear link between service delivery and cost recovery.

There are risks to the sustainability of this funding source, due to fluctuating levels of activity in the property market affecting the volume of survey and title transactions.

A **levy system** would be effective in generating revenue to support cost recovery. It would not be as fair and efficient as a fees system, because it would be applied regardless of the actual use of survey and title services by levy payers.

A levy would be a more sustainable source of funding, because the number of levy payers (that is, property owners) would be very unlikely to fluctuate as much as general property market activity. Secure title can be viewed as a 'club good' benefitting all property owners.

Authorising a new levy system would require substantial amendments to existing legislation and regulations, and a levy would not be as transparent to the users of survey and title services.

A levy could also break the link between cost recovery and service delivery. The Legislation Design and Advisory Committee has issued [guidelines](#) on the distinction between a fee and a levy.

**Crown funding** through Vote Lands does not meet most of the assessment criteria and is not preferred. It would be effective in providing revenue to operate survey and title services but would be less fair and less efficient than a fees system, because users would no longer be charged for the private good services which are provided. Crown funding could also be less sustainable and predictable than a fees system, as Government funding priorities may change.

While Crown funding would be transparently stated in Budget documents and in the LINZ Annual Report, there would no longer be a link between cost recovery and service delivery.

## Options development

LINZ developed three options for updating the current fees, based on feasible alternatives to recover the costs of services in the survey and title fees model.

The development of options was informed by service user concerns that were raised in public submissions to the 2021 survey and title fees review consultation.

The 2021 fees review resulted in a revised system and model where fees reflect the costs of service. It is not proposed to change this system, as it continues to be the approach that is most consistent with the Treasury guidance on setting fees and charges.

In addition, broader policy concerns on the cost-of-living impacts for households informed the development of options.

### Consulted options for updated survey and title fees

#### Status quo – *Maintain existing fees*

The forecast memorandum account deficit of \$41 million by 30 June 2025 will need to be recovered (including repayment of the Crown loan and the line of credit) from the projected level of revenues of about \$90 million in 2024/25.

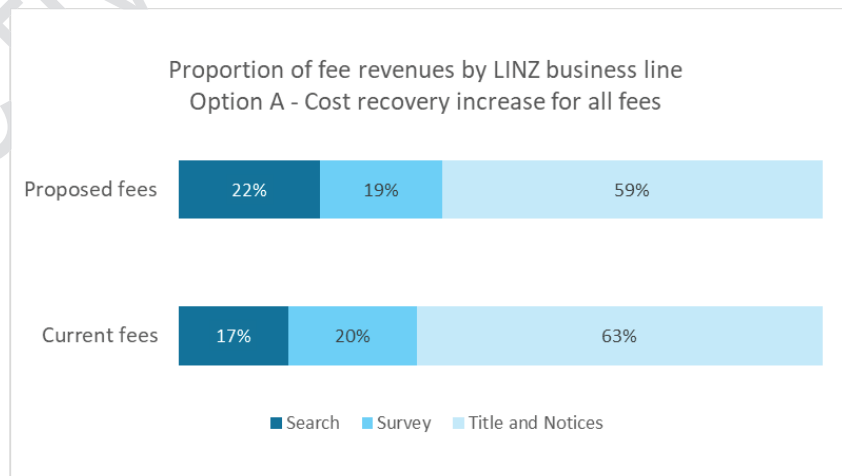
Without updated fees, rebalancing the memorandum account will require substantially reducing the investment in STEP and the costs of survey and title administration. Reducing investment in system modernisation and operation would present risks to maintaining the timeliness, quality and security of survey and title services, and would be likely to significantly degrade New Zealand’s international reputation for property rights administration.

#### Option A – *Cost recovery update for all survey and title fees*

This option is the most straightforward and equitable means of apportioning the recovery of increased costs across LINZ survey and title services.

Differences in the updated fees will reflect the proportion of increased costs that each business area is responsible for (that is, title and notices, survey, and electronic search) and the projected volumes of transactions.

Under this option, fees will increase for all business areas. However, the proportion of total fees paid from search transactions will increase, while the proportions paid from survey and title and notices transactions will slightly decrease<sup>10</sup>. This reflects the allocation of the investment in STEP



**Figure 1: Option A - Cost recovery update for all survey and title fees**

<sup>10</sup> The increase in STEP investment means that digital business lines (particularly electronic search) have a modestly larger allocation of fee revenues (that is, from the current 17% to 22%). This leads to the proposed updated fees for search having higher proportional increases.

and the costs of survey and title administration (see page 16).

**Option B – Limit fees for standard residential transactions**

This option would limit any rises in the existing fees for electronically registering an instrument and for creating a record of title.

A rationale for this approach is that it could moderate any cost impacts for households which are involved in selling or purchasing a residential property.

This approach would distort the recovery of costs, partly because ‘standard’ (that is, automated) transactions make up about 87 per cent of current instrument and titles processing through Landonline. A consequence would be that other fees would have to rise by much more in order to recover increased costs.

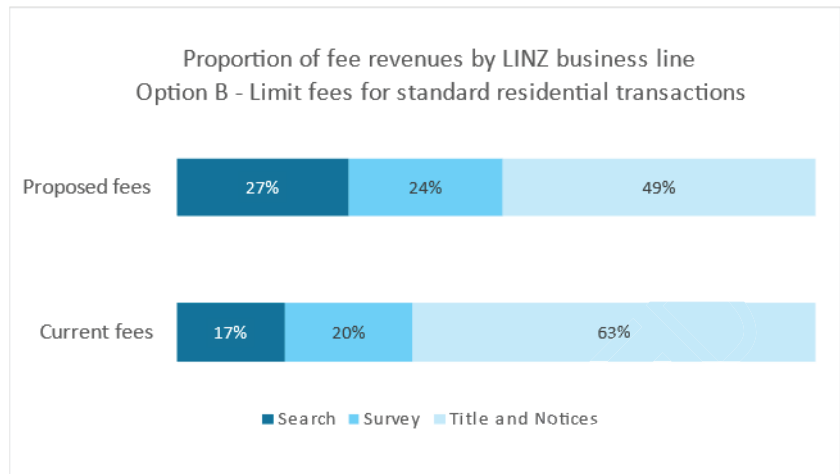
Under this option, fees will increase for all business areas. However, the proportion of fees paid for title and notices transactions will decrease substantially, while the proportion paid from search and survey transactions will increase more than under Option A.

It is unlikely that limiting fees for simple residential transactions would result in any appreciable impact on the cost of living for households, as these fees are such a small part of the cost of buying and selling property (see Impact Analysis, page 19).

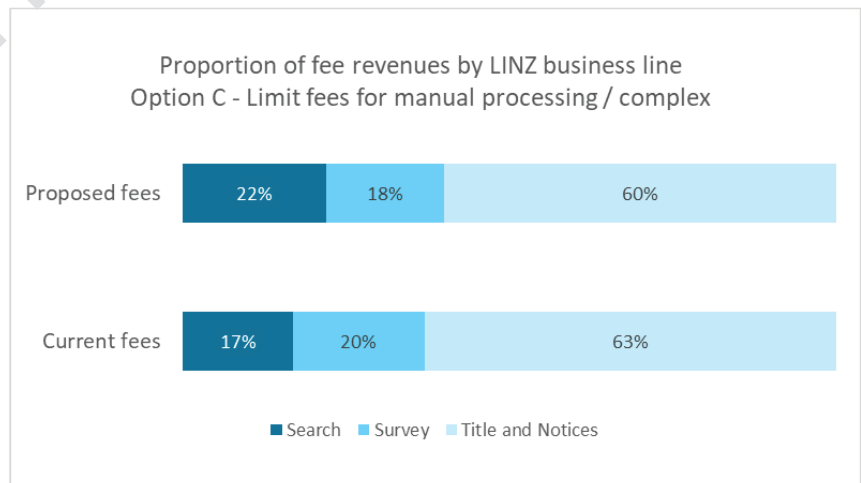
**Option C – Limit fees for manual processing of complex survey transactions**

This option would limit any rises in the fee for determining compliance of a CSD, on the grounds that the current STEP programme will not substantially alter the requirements to manually check the compliance of CSDs (that is, people submitting these datasets will receive less benefit from the improvements to Landonline).

The costs of the manual checking will still rise, due to maintaining the Legacy Landonline system and the retention of expert staff. This approach would distort the recovery of costs, partly because manual checking of CSD compliance is the most expensive service provided by LINZ. Other



**Figure 2: Option B - Limit fees for standard residential transactions**



**Figure 3: Option C - Limit fees for manual processing of complex survey transactions**

fees would have to rise by modestly more to recover the increased costs of this manual processing.

Under this option, fees will increase for all business areas. However, the proportion of fees paid from survey transactions will decrease, while the proportion paid from search transactions will increase in proportions similar to Option A.

### **Assessing the alternative options**

The three options can be compared according to the five criteria informed by the guidance for cost recovery. The criteria are unweighted, and each are deemed to be of equal importance. Table 5 on the next page sets out a simple scoring of the options<sup>11</sup> with reference to the analysis stated above and compared against the status quo (that is, maintain existing fees).

The format and scoring reflects the Treasury guidance and template for a [Regulatory Impact Statement](#).

### **LINZ recommends Option A – updating all fees**

The criteria assessment indicates that Option A, cost recovery update for all survey and title fees, is the most consistent with the five criteria for this review. **Appendix 1** sets out a comparison of how the preferred option would affect the survey and title fees specified in the regulations.

### **Options which were not assessed**






LINZ did not assess an option of charging higher fees for more rapid manual processing of complex transactions. About 13 per cent of titles transactions need to be manually processed by specialist LINZ staff. A risk is that charging a higher fee for rapid processing would mean that those complex transactions would be prioritised, while the costs of assessment would remain the same. This might create an incentive for many complex titles customers to pay a higher fee, which would be above cost recovery levels.

LINZ also did not assess an option of providing a discount on fees for high volume users of services. This could result in the reallocation of processing costs from high volume users to the many customers who transact for just one residential property. This would not be consistent with the Treasury cost recovery guidelines for fees and charges.

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<sup>11</sup> This scoring does not attempt to consider the respective economic impacts, or risks, of each approach.

**Table 5: Assessment of options for updated survey and title fees**

Cost recovery criteria	Fee adjustment options			
	Status quo: Maintain existing fees	Option A Cost recovery update for all survey and title fees	Option B Limit fees for standard residential transactions	Option C Limit fees for manual processing of complex survey transactions
 Fair	N No change to the current system	✓ Fees would best reflect the cost of delivering services	✗ Some limited fees would not be fair for other users	✗ Some limited fees would not be fair for other users
 Effective	N Existing fees would be ineffective in generating the revenue required to recover increased costs	✓ This option would generate sufficient revenues	✓ This option would generate sufficient revenues	✓ This option would generate sufficient revenues
 Efficient	N Existing fees would maintain the existing level of efficiency	N A cost recovery increase for all fees would be as efficient as the current system	N Some limited fees would be less economically efficient as these would not recover the costs of providing the service	N Some limited fees would be less economically efficient as these would not recover the increased costs of providing the service
 Sustainable	N Existing fees would not recover increased costs, presenting a risk to the delivery of a modernised Landonline platform and survey and title administration	✓ Updated fees would recover the increased costs of delivering a modernised Landonline platform and survey and title administration	✗ Limited fees for some (high-volume) titles transactions would <i>substantially</i> increase fees for other transactions	N Limited fees for manual transactions (mainly for CSD compliance) would modestly increase fees for other (automated) transactions
 Transparent	N Existing fees are already stated in regulations	N Updated fees would be stated in regulations	N Some limited fees could reduce predictability of the system	N Some limited fees could reduce predictability of the system
<b>Net scores</b>	<b>0*</b>	<b>+3</b>	<b>-1</b>	<b>0</b>
		<b>Rating scale key</b>	<b>Level to which option meets criterion</b>	
		✓	Better for the criterion	
		✗	Worse for the criterion	
		N	Neutral for the criterion	

\*The net null score for the status quo option reflects the Treasury [Regulatory Impact Statement template](#).

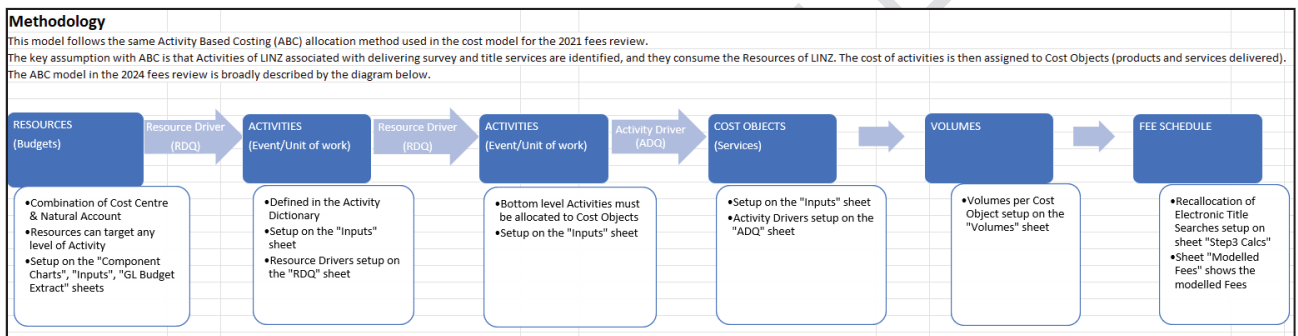
# The level of the proposed fee and its cost components (cost recovery model)

## The fees model

The 2021 survey and title fees review was based on a detailed activity-based costing model ('the fees model'), which identified the specific costs of processing transactions and operating Landonline and the wider survey and title system.

LINZ updated this model with the revised costs of survey and title administration, including the forecast increased expenses of modernising Landonline and the repayment of the Crown loan, and the line of credit. The LINZ budget reflects the savings of 6.5 per cent of Crown operating expenditure from the 2024/25 financial year, announced on 30 May 2024.

The fees model calculates the level of cost recovery that is needed from survey and title fee revenues over the period from 2024/25 to 2034/35. A 10-year recovery period is used in the fees model, assuming average annual fee revenues of \$135 million following the introduction of updated fees. Figure 4 summarises the methodology applied by LINZ in calculating the fees model and options for updated fees.



**Figure 4: Methodology for the LINZ survey and title fees model 2024**

LINZ also considered a five-year recovery period, which would require annual fee revenues of \$146 million to return the survey and title memorandum account to a nil balance.

On balance, LINZ recommends a 10-year recovery period to address concerns of affordability, equity (for fee payers) and predictability of fee levels. LINZ will undertake a further review of survey and title fees after the completion of STEP.

In August 2024 KPMG New Zealand independently reviewed the fees model and found that:

*“The broad approach the model takes to allocate resource costs to activities and products, model forecast volumes, and calculate new fees for each product appears to be reasonable and what we would expect in setting fees in a public sector context. We did not find formula errors in the model that impact the outcome of the current fee calculation.”*

## Forecast survey and title expenses

Based on a 10-year recovery period, the LINZ fees model has forecast average annual fee revenues of \$135 million to recover increased costs, from July 2026. These estimated revenue requirements result directly from increases in STEP delivery operating expenditure, depreciation (including repayment of the Crown loan of \$103 million), and for digital delivery services.



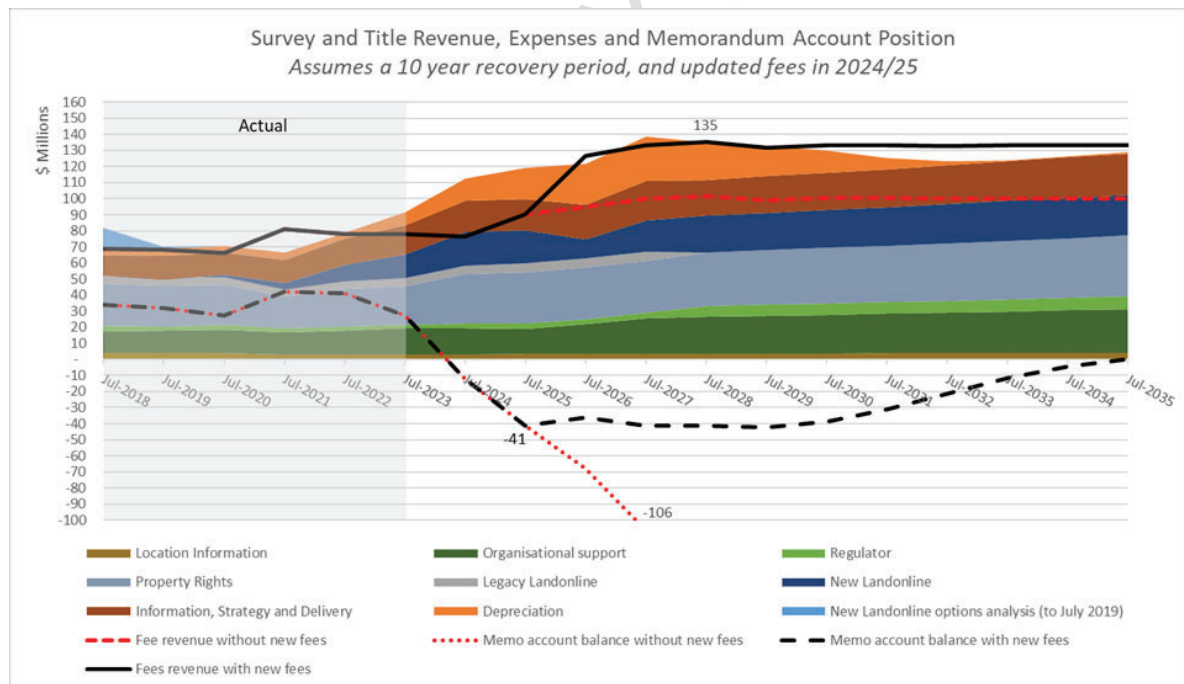
Figure 5 presents the flow of revenue and expenses over time, with expenses broken down by the LINZ cost components. The **solid black line** indicates fees revenue. This rises sharply from July 2025 as revenues increase from a forecast \$90 million in 2024/25 to \$135 million by July 2028. The **red dashed line** shows the forecast level of fee revenues if fees are not updated.

The **blue dashed line** indicates the balance of the survey and title memorandum account, forecast to have a deficit of \$41 million by July 2025. The **red dotted line** shows the deficit would be \$106 million by July 2027 if fees are not updated. Following the introduction of updated fees, the forecast balance of the memorandum account returns to a nil balance by July 2035.

The coloured rows in Figure 5 show the cost categories. Depreciation peaks in July 2027 and then reduces as the Crown loan of \$103 million is paid back. New Landonline shows rising operating expenditures from July 2027 as the programme moves into ongoing delivery and maintenance of the platform.

Indirect LINZ services reflect a standard attribution of the costs of corporate services and facilities according to the number of staff employed in STEP, Digital Delivery, Legacy Landonline, and property rights operations. There are inflation forecasts in the expenditures informed by the Treasury’s [Economic and Fiscal Update](#) released on 12 September 2023.

The forecast rise in the costs of operating expenses and indirect LINZ services also reflect the outcomes of the [public sector pay adjustment](#) for the years ended 30 June 2023 and 2024.



**Figure 5: Actual and forecast annual survey and title fee revenues, operating expenses, and memorandum account position**

Table 6 presents excerpts of the actual and forecast direct and indirect components of LINZ survey and title expenses, which will need to be recovered from fee revenues over time.

**Table 6: Actual and forecast survey and title fee revenues and expenses (excerpts)**

All figures in \$ million	2022/23 (actual)	2024/25 (forecast)	2027/28 (forecast)	2034/35 (forecast)
<b>Fees revenue with new fees</b>	<b>77.9</b>	<b>90.4</b>	<b>135.4</b>	<b>133.2</b>
Legacy Landonline	5.2	5.5	-	-
Depreciation	8.3	19.4	23.4	0.5
Location Information	2.7	3.3	3.6	4.0
Property Rights	23.9	31.6	32.8	37.4
Organisational support	16.5	16.1	23.2	27.6
Regulator*	2.3	3.2	6.9	7.9
New Landonline	15.0	20.3	23.1	25.3
Information, Strategy and Delivery	17.5	19.9	22.1	25.8
Memorandum account balance at 1 July with new fees: Surplus/ (Deficit)	27.4	(41.1)	(41.4)	(0.6)

\* 'Regulator' includes the functions of the Registrar-General of Land and the Surveyor-General.

The fees model allocates the required fee revenues to the main business lines (titles, survey, and electronic search) based on the costs of delivering the services. Consequently, changes to costs in different parts of LINZ operations can result in changes to the costs of business lines.

The increase in STEP investment means that digital services (particularly electronic search) have a larger allocation of fee revenues. This leads to the proposed updated fees for titles and search having higher proportional increases than the increases proposed for survey fees. **Appendix 1** to this CRIS states the current fees, and the final proposals for updated fees.

### Alternatives to an increase in survey and title fees

The previous section (Table 5) set out an assessment of the option of not increasing fees (the status quo).

Without updated fees, rebalancing the memorandum account will require substantially reducing the investment in STEP and the costs of survey and title administration. Reducing investment in system modernisation and operation would present risks to maintaining the timeliness, quality and security of survey and title services, and would be likely to significantly degrade New Zealand's international reputation for property rights administration.

LINZ has not assessed detailed options to improve operating efficiency and productivity (of survey and title administration) beyond the current operating model. A large share of the increased costs of survey and title administration relate to investment in STEP. LINZ has previously reported to Cabinet on 4 August 2022 on the reasons for the increased costs of STEP (see page 6).

The KPMG review of the LINZ financial model recognised the focus of STEP has been on enhancing customer experience over internal operational efficiency. KPMG acknowledged LINZ is working on opportunities to enhance its operations. As STEP nears completion the focus will move more to internal efficiencies and system automation.

## Impact analysis

This section describes the potential impacts of the fee proposals. The ‘Consultation’ section sets out the feedback reported from stakeholders and the public and sets out an analysis of alternatives, assessed according to the five criteria for the review.

### Title service customers

Title service fees are ultimately paid by the person who is buying or selling a property or wanting to make some other change to their legal interests in property. The conveyancing cost to a person buying or selling a property tends to range from \$1,500 to \$2,500, depending on location and the complexity of the transaction. Generally, the conveyancing cost of selling a property is around two-thirds of the cost of purchasing a property.

The proposed updated fees for simple residential transactions (with a mortgage) at \$122 per transfer or mortgage instrument are a small component of the total amount charged by a conveyancer or lawyer to a customer (see Table 7).

**Table 7: Survey and title fees for common property transactions**

Survey and title common activities*	Proposed final fees (GST inclusive)	Property transaction costs (simple residential)
Registering an instrument (online)	\$122	Residential conveyancing with mortgage: typically range from \$1,500 to \$2,500 depending on location and complexity
Creating a record of title	\$165	
Determining compliance of a cadastral survey dataset	\$422 (standard) \$1,130 (complex)	Surveying residential land: minimum survey fees of \$900 to \$2,000

\*Note: Discharge of a mortgage, transfer and registration of a new mortgage (DTM) would commonly involve three instrument registrations, charged to different customers. A standard residential sale and purchase would generally not require a new survey or a new record of title.

For households, the LINZ survey and title fees are only applied when houses are transacted. There is not believed to be a significant financial impact of fees on the value of property transactions, given fees are a very small proportion of house prices (REINZ report the national median house price was \$753,000 for July 2024).

LINZ fees are only for transactions and are not a direct cost on users (i.e. lawyers or conveyancers).

### Survey service customers



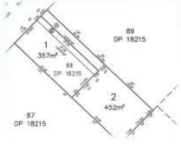

Survey service fees are ultimately paid by the person wanting a survey to be done. This may be a homeowner seeking to subdivide their property, or a property developer working on a large development project. A land development will typically involve costs relating to:

- surveying of the site,
- specialist reports (engineers, planners, geotechnical, traffic design),
- preparation of a detailed resource consent application, including site plans and an assessment of environmental effects,
- council fees, including application fees and development contributions,

- negotiation with council in relation to the conditions of consent,
- approval of the consent by council, including detailed conditions,
- design of access and service connections in accordance with the conditions of consent,
- LINZ survey and title fees to approve the final plans and title changes, and
- installation of services (power, water, wastewater and accessways).

The proposed survey and title fee increases will add about \$530 to the existing LINZ fees for a simple subdivision, involving two primary parcels and three easements, and about \$2,360 to the existing LINZ fees for a more complex subdivision involving 25 primary parcels and 15 easements. These fees would be relatively minor proportions of the total land development costs (see Table 8).

**Table 8: Two subdivision examples and the estimated proportions of survey and title fees**

 An individual with their own home on an 800m <sup>2</sup> section in an urban centre would like to subdivide a portion of the land to sell.		 A developer has who has purchased a 2Ha site wishes to create a 25 lot subdivision with an average lot size of 600m <sup>2</sup> .			
					
Estimates for the total land development costs for this lower complexity scenario range from \$50k to \$150K.		Estimates for the total land development costs for this higher complexity scenario range from \$1.6m to \$2.5m			
Costs	\$0.05 to \$0.15 million		Costs	\$1.6 to \$2.5 million	
LINZ fees	\$1,850 (current)	\$2,380 (proposed)	LINZ fees	\$9,430 (current)	\$11,790 (proposed)
Proportion	1.2% to 3.7%	1.6% to 4.8%	Proportion	0.4% to 0.6%	0.5% to 0.7%

As part of consultation on the proposals to update survey and title fees, LINZ received feedback from stakeholders that substantial increases in the development contributions charged by Councils are one of the primary concerns for property developers. For example, in April 2023 Auckland Council [announced](#) a new development contribution policy for the Drury area, [estimated](#) at an average of \$74,142 per household.

### Search customers

A wide range of different customers use LINZ electronic search services relating to survey and title information. Most searches are made as part of survey lodgements and title dealings, and the search fee (currently \$6 per electronic search) is a low proportion of the cost of these transactions. The final proposal is to raise this fee to \$8 for each electronic search.

In the year ended 30 June 2023, there were a total of 2,869,678 electronic searches charged by LINZ. Of these, 188,252 survey plans were searched, or 6.6 per cent of the total. This total indicates there was an average of 16 searches for survey plans for each of the 11,865 CSDs lodged with LINZ in the 2022/23 fiscal year.

### Search services customers include...



Solicitors and conveyancers



Surveyors



Real estate agents



Banks and other lending and financial institutions



Territorial authorities, including councils



Valuers



Firms seeking property information for market research



Homeowners and other members of the public

### Comparison with comparable systems in Australia

LINZ survey and title administration costs and fees can also be compared with the systems in Australian states, which also use the 'Torrens system' of land title registration. Australian states with the following features are compared in Table 9:

- the provider is a government agency with delivery functions, not a private business
- the provider's system includes a survey function, including plan lodgement.

LINZ fees for 'search', 'discharge of mortgage', and 'instrument transfer' are currently lower than in the three selected Australian states. LINZ fees for 'survey plan' are currently higher than those applied in Queensland and Victoria.

It is important to note that the Australian state land registry fees do not include the fees charged for each transaction by Property Exchange Australia Ltd ([PEXA](#)).

**Table 9: Fees comparison for New Zealand and Australian survey and title service providers**

All figures include Goods and Services Tax	New Zealand		Queensland (Titles Queensland)	Tasmania (Land Tasmania)	Victoria (Land Use Victoria)
	Current (electronic only)	Final fee proposals following consultation			
Title/instrument search	\$6	\$8	\$21	\$39	\$9.50
Discharge of mortgage	\$90	\$122	\$245	\$206	\$130
Instrument transfer	\$90	\$122	\$245	\$255	\$116
Survey plan that creates 1 or more parcels	\$850	\$1130	\$491	\$1082	\$729

Note: NZ\$ conversions of Australian fees apply the exchange rate at 1 July 2024 (i.e. 1 NZ\$ = 0.914 A\$), and have been rounded to the nearest dollar for easier comparability.

## Consultation

### Process

On Monday 15 April 2024 Cabinet authorised the release of a discussion document on updating fees for survey and title services [CAB-24-MIN-0120 refers].

On Monday 29 April 2024 LINZ initiated public consultation on the survey and title fees review and published the discussion document.<sup>12</sup> Public consultation ran until Friday 7 June 2024. LINZ provided information on the fees review in its monthly 'Landwrap' newsletters<sup>13</sup>, and advised stakeholder sector bodies. The key group for consultation was the 13,500 registered users of Landonline.

A statement on the fees review was distributed to media organisations. A statement with supporting information was provided to whenua Māori organisations (including Te Puni Kōkiri, Te Kooti Whenua Māori – Māori Land Court, and Te Tumu Paeroa – Office of the Māori Trustee), and for their circulation to whenua Māori owners.

### Submissions

LINZ recorded 186 downloads of the discussion document during the consultation period, from 602 views of the consultation page by 409 active users. A total of 38 submissions were received during the consultation period:

- 13 were from surveyors, including from Survey and Spatial New Zealand (collating responses from members) and the Institute of Cadastral Surveying,
- 12 were from lawyers or conveyancers, including from the Law Association, Legal Executives NZ, the NZ Society of Conveyancers, and the NZ Law Society,
- 5 were from the property industry (including two from valuers, and two Councils), and
- 8 were from members of the public. No submissions were received from whenua Māori owners or their representative organisations.

Table 10 summarises the overall responses received from these key groups. Of the 38 submissions, 21 (55 per cent) indicated support for updated fees based on the three options stated in the discussion document, and 17 (45 per cent) stated none of the options or they were against any update to fees.

Three submissions stated evidence of the potential impact of updated survey and title fees. Two Councils stated the impact of costs of increased electronic search fees, one noting that *“From the months May 2023 through to April 2024, LINZ bills alone amounted to over \$20,000. This figure is potentially going to be increased by 50%.”*

A surveying firm stated that *“The impact on our clients would be a relatively small increase in development cost when compared to the recent significant increases in development contributions levied by the territorial authorities we work with”* and *“The proposed fees are*

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<sup>12</sup> <https://www.linz.govt.nz/consultations/proposals-update-fees-linz-survey-and-title-services>

<sup>13</sup> [Landwrap - May 2024 | Toitū Te Whenua - Land Information New Zealand \(linz.govt.nz\)](#)

seen to be consistent with the overall increases in cost of living driven by inflation over the past few years.”

**Table 10: Summary of responses to LINZ consultation**

Number of responses to LINZ consultation on updating fees for survey and title services (29 April to 7 June 2024)	<u>Option A:</u> Cost recovery update for all survey and title fees	<u>Option B:</u> Limit fees for standard residential transactions	<u>Option C:</u> Limit fees for manual processing of complex survey transactions	None of the options, or against any rise to fees	Submissions for changes to the survey & title fees proposals or cost recovery model
<b>Surveyors</b>	6		2	3	9
<i>Survey &amp; Spatial NZ</i>	1				1
<i>Institute of Cadastral Surveying</i>				1	1
<b>Lawyers or conveyancers</b>	1	3		4	6
<i>The Law Association</i>		1			1
<i>Legal Executives NZ</i>	1				1
<i>NZ Society of Conveyancers</i>				1	1
<i>NZ Law Society</i>	1				1
Property industry/Councils	2			3	4
Public		2	1	5	
<b>Totals</b>	<b>12</b>	<b>6</b>	<b>3</b>	<b>17</b>	<b>25</b>
<b>Proportion of total</b>	31%	16%	8%	45%	

Table 11 sets out a LINZ response to the submissions from key groups, particularly from surveyors, for changes to the existing survey and title fees system and cost recovery model. Similar submissions have been combined and paraphrased for the purposes of analysis. LINZ assessed each submission according to the five criteria for the fees review (i.e. Fair, Effective, Efficient, Sustainable, Transparent/predictable).

The most common submission was in respect of the electronic search fee for survey plans and titles, with 23 of the 38 submissions stating a concern about the proposed rise.

**Table 11: Summary of submissions for changes to the fees system and cost recovery model**

No. of subs	Submissions for change(s) to the survey and title fees proposals (including by sector bodies)	LINZ recommendation and response
23	<p>A. Electronic search fees, and for survey plans, should not be increased (from \$6 to \$9), or should be increased to a lower level (e.g. \$7.50); including for reasons to limit the risk of excessive cost control by users, and the public benefit of accuracy by (surveyors and conveyancers) undertaking searches to support property transactions.</p> <p><i>(Survey &amp; Spatial NZ, Institute of Cadastral Surveying, The Law</i></p>	<p><b>Recommended for modification.</b> LINZ recognises the widespread concern from users that a proposed 50% rise in the search fee could present a financial barrier and may discourage some searches for survey plans at the margin.</p> <p>A lower 33% rise in the electronic search fee (to \$8) would result in modest rises (of around an additional \$5) in property transaction fees, to recover the costs of Landonline modernisation and operation.</p> <p>In respect of the use of search by surveyors, in 2022/23 LINZ recorded a rounded average of 16</p>

	<i>Association, NZ Society of Conveyancers, Legal Executives NZ, NZ Law Society)</i>	searches of survey plans (at \$6 each) for each of the 11,865 CSDs lodged.
2	B. LINZ should introduce a flat fee subscription (“all you can search”) model for access to Landonline services.  (Survey & Spatial NZ)	<b>Not recommended.</b> A flat fee would not be fair because the highest users would pay a lower per-transaction cost than would lower users. A flat fee would also be inefficient, as the marginal benefit to each user would not equal marginal cost.  For example, allocating the forecast annual search fee revenues of \$28 million would imply a flat ‘search fee’ of about \$2,100 for each of the 13,500 registered users of Landonline.
2	C. LINZ should set fees rounded to the nearest \$1 or \$10.	<b>Noted.</b> LINZ will recommend rounded fees to the extent this does not impair the cost/price relationship of fees.
1	D. LINZ should introduce a discounted fee structure for property professionals and/or large users of search.	<b>Not recommended.</b> A discount on fees for some large-volume users would result in above-cost rises to fees for other users; this would not be fair or economically efficient or effective. A discount system would also be less transparent and predictable than a set of fees stated in regulations.
1	E. Fees for all electronic activities should not be raised; only raise the fees for manual processing services.	<b>Not recommended.</b> Not increasing fees for electronic services would result in far above-cost rises in manual service fees, to recover the costs of Landonline modernisation and operation. This would not be fair for other users (particularly surveyors), or efficient.  No rise(s) in fees for electronic services would also greatly increase a risk of there being insufficient fee revenues to fund survey and title modernisation and administration.

No. of subs	Submissions for changes to the LINZ cost recovery model (including by sector bodies)	LINZ recommendation and response
5	F. LINZ should introduce a fee for third-party commercial access to the geospatial database, based on CSD information (i.e. the LINZ Data Service).  (Survey & Spatial NZ, Institute of Cadastral Surveying, The Law Association, NZ Law Society)	<b>Not in scope at this time.</b> Applying a fee would not be consistent with the ‘public benefit’ rationale of the LINZ Data Service, as required in the 2011 <a href="#">Declaration on Open and Transparent Government</a> .  This declaration links to the New Zealand Data and Information Management Principles. The <b>principle: reasonably priced</b> states:  “Use and re-use of government held data and information is expected to be free. Charging for access is discouraged.”
4	G. LINZ should offer an option of a higher fee for more rapid manual	<b>Not in scope at this time.</b> LINZ operates an urgency request service but does not have a cost model



	<p>processing of complex (titles) transactions (e.g. for property developers).</p> <p><i>(Survey &amp; Spatial NZ, Institute of Cadastral Surveying, The Law Association, NZ Law Society)</i></p>	<p>which would justify a higher fee for priority processing.</p> <p>In the absence of an operational fee-for-priority service this approach may incentivise many (complex titles) customers to pay a higher fee, while costs would be the same. This would not be consistent with Treasury guidelines on setting charges.</p>
4	<p>H. Fees for boundary reinstatement surveys should be set at a consistently lower or no level, on grounds of the public benefit of an updated cadastre.</p> <p><i>(Survey &amp; Spatial NZ)</i></p>	<p><b><u>Not in scope at this time.</u></b> The (undefined) public benefit(s) of updated survey information is out of scope for this fees review.</p> <p>Lower fees for this survey service would result in modestly above-cost rises to fees for other services; this would not be fair or economically efficient or effective.</p>
1	<p>I. LINZ should differentiate fees for the survey processing of 'standard' and 'complex' cadastral survey datasets (CSDs), with a higher fee for complex CSDs.</p>	<p><b><u>Not in scope at this time.</u></b> Proposing a fees differentiation for 'standard' and 'complex' CSDs could be consistent with cost recovery guidelines.</p> <p>LINZ does not have a cost model which would justify differentiated fees, and regulatory criteria are not developed to make a transparent and predictable differentiation.</p>
1	<p>J. LINZ should include a 'reasonableness test' that assesses the fee in terms of its importance and relevance to the transaction. LINZ should address the inequity in funding where alternative funding sources from other significant beneficiaries of the wider cadastral system have not been sufficiently explored.</p> <p><i>(Institute of Cadastral Surveying)</i></p>	<p><b><u>Not in scope at this time.</u></b> A test for 'reasonableness' would not be consistent with the 2017 Treasury guidelines for setting charges in the public sector, and such a test has not been defined as part of this fees review.</p> <p>Funding of the survey and title system (and broader functions) is a policy decision for Government. For example, the Legislation Design and Advisory Committee has published guidelines on the rationale for a levy system.</p>

## Conclusions and recommendations

### Recommended option for updating fees

LINZ recommends **Option A – cost recovery update for all survey and title fees** (see Appendix 1). The limited number of 38 submissions from public consultation do not provide evidence of a significant economic or cost impact on the main users of survey and title services (that is, surveyors and conveyancers), which would outweigh the requirement for LINZ to set fees to transparently recover the costs of system modernisation and operation.

### Adjustment in response to consultation

In response to the 23 submissions on the proposed rise in the search fee, LINZ proposes adjusting the proposed rise to \$8. This would make the percentage rise in the search fee consistent with the 33 per cent rise in the most common titles and survey fees. Search is the most demanded LINZ service (forecast volume of 3.1 million transactions).

This adjustment would require increasing the proposed fees by an additional \$5 for instrument registrations, depositing a plan, and creating a record of title. Survey fees would be unchanged from those consulted on in the discussion document.

This difference is because titles services are the second-most demanded (forecast volume of 750,000 transactions) and as a result of the adjusted fee for search, the fees model allocates a share of the costs for search to titles.

Survey services are less demanded (forecast volume of 12,000 CSDs), and so there is not a significant change in the allocation of costs from search to be reflected in fees.

A consequence of adjusting the proposed rise in the fee for electronic search is that some marginal costs are moved from search to titles. Titles fees are only charged as part of a property transaction and form a small part of the total invoice charged by a lawyer or conveyancer. There is unlikely to be any effect on the demand for, and affordability of, property transactions.

### Cost-benefit of updated fees

The cost-benefit of the recommended Option A is nil, as the revenue benefit to LINZ of updated fees (that is, a total of \$135 million per year from the baseline level of \$90 million) is balanced by the cost to regulated parties of the increased survey and title fees. See Table 12.

The efficiency benefits for users of the New Landonline improvements resulting from STEP are not considered as part of the cost-benefit of updated fees, and nor are the wider 'public good' benefits of survey and title administration. These factors were out of scope for this fees review.

**Table 12: Summary table of costs and benefits of the proposal to update survey and title fees**

Affected parties	Comment	Impact \$ million	Evidence certainty (High, medium, or low)
Additional costs of proposed fees increase compared to taking no action			
Regulated parties (survey and title fee payers)	The proposals for increased fees would result in an increase of approximately \$45 million annually in third party revenue from fees and charges, compared to fee revenue in 2024/25 (i.e. from \$90m to an average of \$135m).	\$45m	Medium (based on LINZ forecast in the fees model)
Regulators (LINZ)	System changes to increase the fees.	None (to be met within LINZ baselines)	High
Wider government	Cost to agencies using survey and title services (e.g. NZTA, Kainga Ora) of adjusting to new fees.	Not monetised – estimated low impact	Medium
Other parties (solicitors, conveyancers, and surveyors as intermediaries for fee payers)	Cost of adjusting billing and accounting systems to the increased fees.	Not monetised – estimated low impact	Medium
<b>Total monetised costs</b>		<b>\$45m</b>	Medium
Non-monetised costs		Low	Medium
Expected benefits of proposed fees increase compared to taking no action			
Regulated parties (survey and title fee payers)	Benefit of modernised Landonline services with fees that fairly reflect the costs of that service. Benefit of sustainable financing of the investment in modernised Landonline, resulting in increased platform security, effectiveness, and efficiency.	Not monetised, but medium impact based on the business case for modernised Landonline	Low
Regulators (LINZ)	Proposals for increased fees would result in an increase of approximately \$45 million annually in third party revenue from fees and charges, compared to fee revenue in 2024/25 (i.e. from \$90m to an average of \$135m).	\$45m	Medium
Wider government	Benefit of sustainable financing of the investment in modernised Landonline, resulting in increased platform security, effectiveness, and efficiency.	Not monetised	Low
Other parties	As above for regulated parties	Not monetised	Low
<b>Total monetised benefits</b>		<b>\$45m</b>	Medium
Non-monetised benefits		Medium	Low

## Implementation plan

LINZ has considered the submissions and developed final proposals. The proposals will then go to Cabinet for approval. If they are approved, they will form the basis of new regulations. LINZ intends to have the new fees in force in 2024/25 and will ensure the implementation is notified to users and the public in advance.



The proposal for updated fees, and the associated implementation process, has been designed to take account of known issues and operational risks. LINZ has recent experience of implementing changes to survey and title fees and will draw on the lessons learned from this to support the implementation of the new fees.

## Monitoring and evaluation

### Monitoring of financial performance

LINZ regularly assesses the level of survey and title fee revenues, including through monthly monitoring. The LINZ Annual Report publishes annual data on the timeliness of processing.

**Table 13: Performance metrics for survey and title administration**

	<p>New Zealand's survey and title system is world-leading in measures of both efficiency and quality. In 2019 the World Bank ranked New Zealand as second best in the world for 'registering property'.</p> <p>New Zealand's system was rated higher than both Australia and the average of high-income OECD countries.</p> <p>Source: The <a href="#">World Bank</a>, Doing Business project (<a href="#">2019 data</a>).</p>
	<p>About 87 per cent of titles transactions can be issued through Landonline, with processing that is automatic and immediate.</p> <p>The other 13 per cent are manually processed. These are complex transactions, usually subdivision developments.</p> <p>On average in 2022/23, LINZ took 11.18 working days to process compliant manual title transactions.</p> <p>Cadastral survey datasets need to be manually checked for compliance by specialist LINZ staff. On average in 2022/23, LINZ took 10.12 working days to approve compliant cadastral survey datasets.</p>

## Review

A further review of survey and title fees would be undertaken after the scheduled completion of STEP and the release of the full capability of the modernised Landonline platform. There are no specific requirements for the timing of fees reviews stated in the relevant legislation (that is, the Land Transfer Act 2017, the Cadastral Survey Act 2002, and the Land Act 1948).

## Appendix 1: Proposals for updated fees

The figures for updated fees shown in Table 14 have been rounded to the nearest dollar and include Goods and Services Tax (GST) of 15 per cent. 'CSD' is a cadastral survey dataset.

**Table 14: Final proposals for updated survey and title fees as stated in regulations**

Fee description in relevant regulations	Current fees (including GST)	Forecast average annual volume of transactions	Option A: Cost recovery update for all survey and title fees (in discussion document)	Amended final proposals: In response to concerns from public consultation	Consulted Option A - Percentage change in fees from current fees	Final proposals - Percentage change in fees from current fees
Note that the authorising legislation is: <ul style="list-style-type: none"> <li>Land Act 1948 (section 184A)</li> <li>Cadastral Survey Act 2002 (section 48)</li> <li>Land Transfer Act 2017 (section 229).</li> </ul>						
<b>Land Information New Zealand (Fees and Charges) Regulations 2003: Part 3 Searches for cadastral data</b>						
For providing a copy of a survey plan via an approved electronic facility	\$6	3,131,970	\$9	\$8	50%	33%
For manually providing a copy of a survey plan (or records)	\$25	1,620	\$53	\$52	112%	108%
<b>Cadastral Survey (Fees) Regulations 2003: Schedule 2 Fees</b>						
<i>Part 1 Determining compliance with standards and integrating new cadastral surveys into cadastre</i>						
1 CSD with survey information that creates 1 or more parcels	\$850	10,130	\$1,130	\$1,130	33%	33%
2 CSD without survey information that creates 1 or more parcels	\$550	2,000	\$643	\$643	17%	17%
3 CSD without survey information for a unit title development*	\$310	450	\$422	\$422	36%	36%
4 CSD for a cross-lease*	\$230	310	\$313	\$313	36%	36%
5 CSD for a simple boundary reinstatement survey*	\$105	530	\$143	\$143	36%	36%
6 CSD for a complex boundary reinstatement survey	\$850	In 1 above	\$1,130	\$1,130	33%	33%
7 CSD of survey information that does not place a boundary mark or create a parcel	No fee	-	No change			
8 Each parcel that is (a) a primary parcel; or (b) a parcel for	\$100	60,110	\$138	\$138	38%	38%

a lease that is not defined by permanent structure boundaries							
9 Each non-primary parcel not defined by permanent structure boundaries	\$60	97,370	\$80	\$80	33%	33%	
10 Each non-primary parcel defined by permanent structure boundaries	\$75	14,160	\$112	\$112	49%	49%	
<b>Part 2 Auditing compliance with standards</b>							
For subsequent auditing of compliance with standards ... after an initial audit has found non-compliance	\$161 per hour	-		\$254 per hour			58%
<b>Land Transfer Regulations 2018: Schedule 7 Fees</b>							
<b>Part 1 Search fees</b>							
For providing a copy of - A grant, certificate of title, or computer register; or	Electronic	\$6	See top row	\$9	\$8	50%	33%
	Other	\$25	-	\$53	\$52	112%	108%
A lease or licence registered or recorded in the register in accordance with the Land Act 1948; or	As above	-		As above			
A record of title showing only current information; or		-					
A record of title showing current and historical information; or		-					
Any other instrument		-					
For providing a copy of structured text of an instrument	No fee	-		No fee			No change
For certifying a copy of a record of title or an instrument	NA	-	NA	NA			
<b>Part 2 Registration and other fees</b>							
For receiving, registering, noting, or depositing an instrument	Electronic	\$90	662,360	\$117	\$122	30%	36%
	Other	\$180	1,570	\$234	\$243	30%	35%
For depositing a plan	Either	\$150	14,560	\$177	\$182	18%	21%
For creating a record of title	Either	\$145	74,470	\$160	\$165	10%	14%
For approving a format or memorandum	Either	\$80	-	\$97	\$97	21%	21%
For giving public notice if required for an application	Either	\$450	-	\$545	\$545	21%	21%

For each notice sent to a person if required ... under section 42 of the Property (Relationships) Act 1976	Either	\$6	870	\$9	\$8	50%	33%
For alterations to a record of title, including cancellations		\$161 per hour		\$254 per hour			58%
<b>Part 3 Audit fees</b>							
Examining evidence provided to the Registrar under section 30(3)(a) of the Act if the evidence satisfies the requirement in section 30(1) of the Act		No fee	-	No fee			No change
Examining evidence provided to the Registrar under section 30(3)(a) of the Act if the evidence does not satisfy the requirement in section 30(1) of the Act		\$161 per hour plus expenses	-	\$254 per hour plus expenses			58%
Requiring a statutory declaration under section 30(3)(b) of the Act		\$161 per hour plus expenses	-	\$254 per hour plus expenses			58%
Any other actions relating to the audit of a certification...a power under section 29 of the Act		\$161 per hour plus expenses	-	\$254 per hour plus expenses			58%

\*Note that given the forecast small volumes for these transactions, a proportional increase has been applied to maintain relative consistency of the fee levels.

PROACTIVELY RELEASED