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Land Information New Zealand
Level 7
Radio New Zealand House
155 The Terrace
WELLINGTON 6011

feesreview@linz.govt.nz

Proposed New Fees for Land Information New Zealand Survey and Title Services

Submission by Survey and Spatial New Zealand – Cadastral Stream Committee (excluding committee members currently employed by LINZ)

Note: This submission has been compiled from feedback from a number of cadastral surveyors but may not fully represent the views of all members of Survey and Spatial New Zealand.

Question 1:

We generally **disagree** with 'change all fees to reflect costs'.
Refer to submission below.

Question 2

'None of these options'
Refer to submission below.

Option 3

Negative impact
Refer to submission below.

Summary

Discussion within the cadastral stream committee and with other surveyors raised a number of different issues related to the fees review. In summary, the key issues we have identified are the inequality of fee distribution, regularity of fee reviews, the large relative impact on smaller subdivisions, the timing of the proposed fee increase and the apportionment of the cost of maintaining and replacing Landonline. Overall, we disagree with the proposed fee changes and think that they will have a negative impact on surveyors and their clients.

Inequality of fee distribution

While we understand that LINZ must operate a cost recovery system, it appears that the proposed fees will continue an inequality that is in the current system. The system appears to recognise that there are significant costs that are associated with the processing and checking of the survey plans and wants to recover those costs at this stage. The system then seems to value the other services that are generated from the survey information, such as those associated with title issues, as only incurring processing costs and charges significantly less in fees than what the survey information capture is.

The inequality is that services that rely on the survey information do not appear to be contributing to the cost of capturing the survey information. An example of this is that lodging a survey data set for a subdivision with 10 primary parcels and 15 easements will incur a proposed fee of \$2,750 but lodging a title instrument that is generated from the survey data set will only incur a fee of \$90. The initial look at this may say that the client doing the subdivision will be paying all of the fees, but it does not recognise that title instruments making changes to interests on the title have the possibility to repeat many times. The costs of the underlying survey information should therefore be spread across all future transactions rather than just the initial processing.

Regularity of fee reviews

As fees have not been reviewed for 10 years, it is not surprising that they are in need of an increase. However, we would suggest that in future LINZ consider reviewing fees more regularly (say every 3 years), to prevent large one-off cost increases. It may be that all reviews do not result in an increase, but if one is required it would then not be unexpected.

Impact on smaller subdivisions

We note that the proposed percentage increase is far greater for a smaller 2 lot subdivision than a large development. The per-lot amount of the examples given for 2 lots vs 10 lots is double (\$615 per lot compared with \$275 per lot), and even greater when compared with the 100 lot example (\$139 per lot).

Those completing 2 lot subdivisions are often not full time property developers, and any increase in costs can have a significant impact on their development. They may be undertaking the work over many years because it takes time to save all the money required. This is especially true in smaller centres where land values are lower, where smaller developments are more common. To have an expected fee over double from what they have been advised will hit significantly more than the larger developers that are more seasoned and know that fees haven't changed in a while. One-off 'Mum and Dad' developers don't know there hasn't been an increase in this long, and it will be very hard to justify to them.

Because of significant consultation, approvals, sign offs etc. required from Council in some areas of the country surveyors would generally advise the whole subdivision process taking 12-18 months. The amount of money to develop is significant so people usually take their time before making a decision. Therefore, there will be a number of people who started the subdivision process 6 months ago who are going to have a component of their costs increase significantly. There needs to be better planning and advanced notice as even the 6 months currently proposed isn't really sufficient in some cases.

We therefore believe that the fees increase be allocated on an equal percentage increase to all fees, similar to Option 1 in the LINZ consultation document, but with some rounding to simplify the fees, for example Electronic search fees going up to \$6.00.

Timing of fee increase

We note that LINZ are planning to implement the new fees in September, which happens to coincide with when the new Rules for Cadastral Survey will come into force. Survey firms will already need to invest significantly in training and downtime to learn the new rules, which will either be a hit to the firm itself or the developer if the surveyor passes these costs directly onto the client. Therefore, another increase in costs at this time will be hard for both surveyors and developers.

The large increase in survey fees may cause a rush to deposit plans before the changeover date to avoid an increase in costs. If this is combined with the implementation of the new Rules for Cadastral Survey then there may be a surge of survey plans submitted at one time, overloading LINZ processing staff and causing delays on survey and title transactions. More consideration around timing with other departments of LINZ should be considered to ease the burden of the increase in LINZ fees. This will also be of benefit to LINZ to be able to better plan for survey and title processing capacity.

Landonline maintenance cost

The consultation document clearly sets out how the fee increase is needed to pay for the maintenance of Landonline. As people who are completing legal and survey land transactions are making use of the digital cadastre, it seems logical for them to pay for this. However, Landonline also provides security of tenure to all landowners, not just those that interact with the survey and title system regularly by developing or transferring their property.

Also, what is not appreciated is how much the digital data captured in Landonline is used by other third parties (particularly the spatial information from survey plans), not just landowners and developers. Other government agencies, local government, and numerous profit and not-for-profit enterprises use this data, often without realising where it comes from. Even Google maps shows land parcel boundaries, which can be obtained as open data from the LINZ data service.

While it is important to provide open data free of charge, government needs to appreciate that it cannot expect only direct users of spatial survey information to contribute to the cost of maintaining an accurate digital cadastre, when it is of benefit to all of New Zealand society in so many different ways.

Landonline replacement cost

The consultation document states that the fee increase is needed to pay for the replacement of Landonline (STEP). STEP is a very important project and we fully support developing the best solution possible to replace Landonline. The executive summary of the consultation document states that *"Fees need to increase to meet future costs relating to the rebuild of Landonline and ongoing enhancement. In particular, the capital cost of the rebuild (estimated at \$128.2 million) must be funded over 10 years through fees."*

However, it appears the funding of the replacement of Landonline was approved by cabinet based on *"a repayable \$95.4 million government injection and just under \$33 million from LINZ capital reserves"* (LINZ website). Based on this it would appear that government is already partially funding this infrastructure investment, so it should not be necessary for LINZ to fully recover the cost of STEP over the next 10 years through fee increases. More information about the funding of STEP would be helpful, as it is not clear if this is being funded by government as a stand-alone project, or whether it is entirely a LINZ project to be fully funded from within existing revenue streams.

Overall, we think it is unfair on landowners and particularly the subset of landowners developing or transferring their property to cover the full cost of the cadastre, and LINZ should work on a more accurate cost/value model in future.

We wish to thank LINZ for the opportunity to provide feedback. Please address any enquires about this submission to the Chair of the Cadastral Stream: cadastral@surveyspatialnz.org.



Richard Hemi

On behalf S+SNZ Cadastral Stream Committee