



Institute of Cadastral Surveying (Inc)

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18 April 2018

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Land Information New Zealand
P O Box 5501
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Dear Sir/Madam

Title Fees (Land Transfer Act 2017) 2018 Consultation

Please find attached, feedback on the above document by the Institute of Cadastral Surveying (ICS).

The main thrust of our submission is the consultation document provides insufficient detailed information in order to recommend any fee change, or confirm the status quo.

There are a number of other specific issues raised in the submission (related to title fees, and also other matters – particularly funding of ASaTs through fees) which we believe require consideration by senior members of the leadership team in LINZ.

We have also attached our letter to LINZ of 18 January 2018 on survey fees, and LINZ's response of 31 January. This gives some context to our comments in this current submission.

We are most unhappy with Russell Turner's response to that letter on behalf of Chief Executive Andrew Crisp, which we believe was a well-considered summation of ICS's views. None of the questions at the end of that letter have been addressed satisfactorily, acted upon or indeed been indicated for further discussion with us.

We would welcome provision of any additional information requested, and are available for further consultation on any matter which may result in mutual benefits to cadastral surveyors, the public (our mutual clients) and LINZ.

Yours faithfully

Pat Sole
President



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Title Fees (Land Transfer Act 2017) 2018 Consultation

The following is a submission by the Institute of Cadastral Surveying (ICS), providing feedback on the LINZ Consultation Document dated 23-Mar-2018.

1.0 Justification for fees.

The information provided does not give sufficient detail to make any recommendation on fees. It lacks transparency. Further information is required to make informed decisions.

- In the table of *Survey and Title memorandum account*, revenue and expenses need to be split separately into survey and title fee divisions, and also contribution to ASaTs figures. This is so income and expenses are evident in order to establish whether realistic fees are being struck. What activities are included as expenses, and how has this been determined?
- Surveyors have never been advised that their client's current fees are being used to subsidise development of the new ASaTs system (this is the first advice to our knowledge). Whether this should be the case (eg: inclusion of Crown Land, 3D Cadastre etc) is highly questionable, as no benefits accrue to those paying current fees and they grossly exceed the cost of providing the current service. Significant Crown (public good) funding should be provided without recourse to fees revenue. There again appears to be no transparency (or accountability) in this respect, nor any recognition or consultation over how this \$20-30m should be or has been spent.
- *Landonline* has only reduced the cost of some property transactions. Those requiring significant historical search are now much more expensive than previously (when records could be accessed freely locally), and fees need to be discounted to reflect these higher costs.
- There is a near 20 per cent increase in expenses from 2016 to 2017 (\$68.4 – \$58.1 = \$10.3m, and even bigger expenditure forecast for 2017 to 2018 which reduces the balance to \$30m = \$17.3m) – presumably largely ASaTs development costs. We understand that this document is about consultation on title fees, but there appears to have been no consultation over the much larger sums being taken from the memorandum account. We believe the concerns identified in this submission need to be addressed with us, by senior staff within LINZ.

2.0 \$5 Electronic Record Search Fee

We submit that search costs for electronic records be nil, to encourage their wider use (much as LINZ Data Service information currently provided free).

- Prior to *Landonline*, fees paid were increased to pay for system development and costs of imaging records. This was done by open consultation.
- Since *Landonline*, electronic images of all new documents are created on approval.

- There is no human intervention in providing electronic records, and fees charged should reflect this and be nil (\$0). Digital images and system costs have already been paid for. We acknowledge that there are ongoing system running/management/maintenance costs, but particularly given the current over recovery, we believe these can be absorbed into other fees.
- This would be in terms of Governments policy of disseminating information at cost, increase its public use, and provide incentive for professionals to not limit their searches of records due to cost. It would also be in line with the LINZ Data Service where most data is provided free of charge.
- The costs of obtaining digital records are only some of the costs required to be on-charged to the client – with technology and printing costs etc, search costs are not negligible to clients at current rates.

3.0 \$101 Deposit Fee

We request that this fee be charged not on survey lodgement by the surveyor, but on order of new titles by the lawyer. This means it is charged when and if the work to deposit the plan is undertaken by LINZ.

- Whilst not necessarily disagreeing with charging or the amount of this fee, this is clearly a legal fee charged to surveyors at the time of plan lodgement.
- It is often many days, weeks, months or years between survey lodgement and deposit. Indeed, some plans never deposit (and we have never known for the fee to be refunded).
- The current charge at plan lodgement reflect poorly on bottom line survey costs in comparison to legal costs, in the eyes of our clients.

4.0 \$13 Resubmission Fee

There is a very large disparity between this fee and the \$119 survey resubmission fee, which requires addressing.

- It is difficult for us to comment on this fee, but based on our recent submission on eliminating the survey requisition fee (which we believe is poorly targeted), it is possible the same applies in this respect.
- We acknowledge the large difference in title transactions compared with survey transactions, and the often greater volume of information in survey transactions. However, the repercussions of error in either transaction is the same.
- Again, there are no transparent figures provided to validate or justify setting of this fee.

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 Lead Author: Pat Sole (RPSurv; LCS)
 Date: 18-April-2018



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18 January 2018

Andrew Crisp
Chief Executive
Land Information New Zealand
P O Box 5501
WELLINGTON 6145

By email: acrisp@linz.govt.nz

Dear Andrew

Review of Survey Fees

Survey fees are paid by cadastral surveyors when lodging surveys for LINZ examination, pursuant to the schedule contained in the Cadastral Survey (Fees) Amendment Regulations 2011.

A review of these fees was commenced by LINZ in the early part of 2016, which appears to have not yet concluded. We note that the recently released "Briefing to the Incoming Minister for Land Information" (Page 10) makes note of the need for the Minister *"to make decisions related to LINZ's current policy initiatives, for instance regarding the outcome of reviewing third party fees (fees paid for our services)."*

We also understand that current fees paid, significantly over-recover actual costs of LINZ's provision of these services. (The Survey and Title Memorandum Account was \$44 million in surplus as at 30 June 2016. Source: LINZ Four Year Plan: 2017-2021). Broadly speaking, LINZ survey examination fees for a simple two-lot subdivision survey are around \$1000 (additional fees are payable to LINZ for issue of title), and generally equate to 10-20% of survey costs. This directly feeds into the price of land and housing.

Context - Background

Surveyors have not been slow to uptake digital spatial technology and conditionally supported Government's direction in moving to a digital environment in the late 1990's. The introduction of *Landonline* almost 20 years ago has benefits for cadastral surveyors, landowners, the Crown and downstream users of spatial cadastral information.

However, the positive effects of the introduction of *Landonline* should not be overstated. It was accompanied by centralization and loss of direct access to technical specialists, a large loss of institutional knowledge and highly skilled staff in the plan examination area, and loss of ready access to many historic records.

Moreover, it has not lead to any significant reduction in the cost of cadastral surveys to surveyors or their clients. The work now required by surveyors to integrate their work into

the cadastre often outweighs any cost benefits from the introduction of *Landonline*. The costs required for training, computing upgrades, searching and printing, and compliance with additional standards and rules, in conjunction with a more formal, less pragmatic process has led to considerable increase in cost.

On 1 July 1998, LINZ increased fees for cadastral transactions to pay for the "*designing and building of the automated system, and conversion of existing paper records*". This fee increase was accepted by surveyors over the four-year set-up phase of *Landonline*, on the promise of lower fees after the system was implemented.

The attached LINZ *Landonline* Fact Sheet 1 dated May 98 (Page 3) quoted above, makes most interesting reading. The benefits of insignificant plan approval times (24 hours) and cheaper fees sold to surveyors at that time, have never been consistently delivered. We would invite you to compare the initial promise with the current outcomes.

Fees were significantly reduced with the introduction of *Landonline* but with difficult economic conditions in the late 2000's, transaction volumes fell by nearly 50% and examination fees more than doubled with the introduction of the Cadastral Survey (Fees) Amendment Regulations 2011.

Transaction volumes soon rebounded and we understand that fees collected now considerably exceed costs. We believe that more reasonable fees need to be struck.

Public Good - Downstream Users

Cadastral surveyors now play an important role in upgrading the accuracy of the spatial cadastre. This work relates to digital capture of all cadastral surveys and ultimate integration of that work into the official cadastral record (*Landonline*), almost always in substitution for poorer quality work.

That work often involves considerable additional cost and time, in exception processing and node matching, and is often the source of survey requisition. The work is funded by the clients of cadastral surveyors, or cadastral surveyors themselves.

This upgrading has positive public good outcomes. It makes the cadastral fabric much more useful for all spatial purposes including those of Central, Regional and Local Government. Third party users can acquire the data and enhance that data for any specific purpose, for distribution or on-sale. The data also has considerable value to future landowners (beyond the current client) and for future surveys.

LINZ prides itself in issuing this cadastral spatial data free of charge via its LINZ Data Service. Yet large long-term accuracy gains in the data are funded by Cadastral Surveyors and their clients. Cadastral fees struck need to fairly display significant discounting to reflect the long-term benefits to the many and varied end users in line with s7(2)(c) of the Cadastral Survey Act 2002 (CSA). Cadastral surveyors and their clients should no longer be required to subsidise bulk users of spatial cadastral data.

Requisition Fee

We recognise that there is a cost of rework, when deficient cadastral surveys are submitted to LINZ. There are however other tools available to LINZ in audit, or referring continuing poor work by lodging surveyors to the Cadastral Surveyors Licensing Board.

Cadastral surveys are complex. They often contain many hundreds or thousands of individual pieces of information. An error in any one may trigger the need for a cadastral survey to be requisitioned by LINZ. Surveyors use their professional experience in understanding the law, and in interpreting often very old surveys and figures on poorly imaged plans.

The implementation of the Rules for Cadastral Survey 2010 generated high levels of requisitions. This can be attributed to their poor drafting, understanding, and the introduction of a range of unhelpful terminologies, all reflected (now) in LINZ's long overdue project to review the Rules.

We understand requisition rates are still around 40%, and highly competent expert surveyors receive requisitions. Seldom in recent experience are they about land definition issues, as opposed to integration issues into the cadastre. Requisitions fees therefore poorly target surveyors who do the poorest work, but are a burden on all. They often reflect the complexity of the work submitted. Invalid requisitions are often not contested (based on additional cost) when in fact there is good reason for original decisions. Requisitions also often reflect the understanding and competence of LINZ staff.

We do note the efforts recently to email surveyors on minor matters (such as amendments to survey reports) which negates the extra cost of rework.

The plan examination process itself (for which fees are paid) is largely unknown to cadastral surveyors. It would appear some risk-based approach is being applied, despite the same fees being paid for all submitted surveys.

Surveyors and LINZ staff have a common goal of ensuring the cadastre is as accurate and efficient as possible. Surveyors do not deliberately introduce mistakes into their work. The requisition (resubmission) fee antagonises that relationship, and creates an adversarial or confrontational situation where surveyors are subjected to increased cost.

That cost is dealt with differently by individual survey firms. On many occasions, it is charged to the client anyway (whether a requisition is issued or not, and often without the knowledge of the client). For many surveyors, the cost is hard to justify to clients (and it is often after final invoicing) and is borne by the survey practice. Either way, it inflates the costs of survey and land.

Survey Search Fees

Whilst introduction of *Landonline* has imaged many survey and title records, office closure has led to loss of free direct access to historic records. Many records are often required in conducting an individual cadastral survey, and data costs can be considerable.

Being able to locate records at reasonable cost and time, is an incentive for thorough searching and lodging error-free work. It is of considerable concern that even search costs for plans and titles which have been imaged and are available digitally through *Landonline* continue to attract fees, this being at odds with government policy on the dissemination of information at the cost of supply.

It is also of concern that images of survey plans (survey/CSD and title sheets obtained together, as has occurred for many years) saved via the tree in *Landonline* at a cost of \$5, have now had the cost doubled to \$10 via the Request Product List. This unnotified change has occurred since June 2017, despite no change to Part 3 of the Land Information New Zealand (Fees and Charges) Amendment Regulations 2011. This issue has recently been advised to officials (LINZ ref. CRM:0022873) but without adequate resolution or explanation to date.

Actions Requested

The above information is provided to you for consideration in setting any fees affecting cadastral survey. It is also in terms of the State Services Commission target of reducing business costs from dealing with Government, and LINZ's focus of becoming a High Performing Organisation with a "Better Every Day" approach to continuous improvement.

Could you specifically please:

1. Advise whether it is still LINZ's intent to reduce approval times (long term goal for survey approval and issue of title 24 hours) and minimise fees.
2. Confirm that the setting of new fees will more fairly give due regard to the many and varied users of cadastral survey data (in terms of the CSA).
3. Provide documentation and alternatives for any new proposals for fees so we may consult our members.
4. Waive (immediate option) or remove requisition fees, include LINZ costs of requisition compliance in the base fee paid or give due regard to the separation of survey definition and survey integration items when applying the fee (in order of preference).
5. Confirm that costs of search items shall be minimised and reflect their actual cost of provision (and that in the case of already imaged records that this should be very low/nil when ordered digitally).
6. Urgently investigate changes made to LINZ processes which have resulted in overcharging when ordering survey plans (survey/CSD and title sheets together) via the Request Product List in *Landonline* since mid-2017, and arrange refunds to all those affected.

Yours faithfully



Pat Sole
President

cc: Hon Eugenie Sage - Minister for Land Information
Mr Mark Dyer – Surveyor General, Land Information NZ

How Landonline will benefit users

The benefits of automation will accrue at several levels. In the widest sense, it will benefit New Zealand's economy. Because it will increase the speed and efficiency of land transactions and eventually reduce the actual cost of services, automation reduces a significant overhead to business.

There will be a benefit to the Crown and to the taxpayer, because automation will reduce the cost to LINZ of gathering, processing and delivering land information.

But by far the greatest benefit will be felt by the most frequent users of the automated system: conveyancers, and survey firms preparing and lodging survey plans. The saving to these businesses will come mainly in lower transaction fees (after the programme is implemented) and lower staff costs.

Solicitors and other conveyances

The title work for the most basic land transaction, the sale of a private home, typically takes up to 10 working days. Automation will eventually slash that time to less than one hour.

By being able to access and process conveyancing transactions from their own offices, conveyancing firms will be able to significantly reduce their own costs in providing this service to their clients.

Because the waiting time for transactions will be

reduced, conveyancers' clients will also benefit directly through reduced finance costs. In the case of large commercial transactions, the savings will be measured in thousands of dollars.

As information technology is used more widely within conveyancing firms, the advent of automation will provide an important cost benefit for the investment in hardware, software and training.

The process of electronic lodgement and preliminary validation of records will provide for greater accuracy, and for conveyancing firms this will minimise re-work due to rejections and requisitions. Automation will give conveyancers far more direct control over the quality and timeliness of the service they provide for their clients.

Survey firms

As is the case for title transactions, there will be big time savings for survey firms through automation. Using traditional methods, the issue of new titles for a subdivision typically takes 55-60 days. Automation will eventually cut that wait down to less than 24 hours for the majority of transactions.

Automation could combine with other technology to change the way survey firms do business. GPS technology is taking the emphasis off time-consuming field work. This will allow surveyors to make better use of new technology.

The automated system will require greater quality control in the preparation of survey plans, and the system will reward error-free work with fast turnarounds and lower costs.

It will also present business opportunities for survey firms, as the technology will remove traditional barriers between disciplines and will support continued deregulation.

The general public

Everyone with an interest in property transactions will benefit from the **Landonline** project as the benefits of cost savings, improved quality and faster turnaround times are passed on. For home buyers, the net result will be a cost saving and greater convenience, as settlement dates can be brought forward.

For those involved in the property business, the **Landonline** project will remove significant overheads caused by the costs of bridging finance and delays in settlement. There will be a strong incentive for customers to work with conveyancing and survey firms who take the greatest advantage of automation.

- lower fees after system implemented
- lower staff costs
- reduced bridging finance costs
- reduced cost to taxpayer

What it will cost and who will pay

The designing and building of the automated system, and the conversion of existing paper records, will be funded by increased fees. These will be applied to the services that will benefit most from the programme, e.g., document lodgement, issuing new certificates of title, guaranteed search notes, depositing plans, accessing the titles register, plan approval and plan copies.

This is a temporary change and it will apply only during the set-up phase over the next four years. The new fees take effect from 1st July 1998. The new table of fees is set out to the right. (The new scale of fees also includes a premium payable by non-accredited surveyors. The accreditation scheme is explained in a separate fact sheet, "Cadastral Surveyor Accreditation.")

At the completion of the **Landonline** project - the automation establishment programme - the fees will be reviewed and readjusted downwards. Any surplus generated during the **Landonline** project will be balanced out via reduced fees to subsequent users. Fees will be set at a level to maintain and run the service. These are expected to be below existing fees.

SURVEY

Search

Product	Counter Price
Plan (per sheet)	8.00

Plan Processing

Product	Non accredited	Accredited
LT, SO or ML Plan		
Base	461.00	308.00
Each additional sheet	61.00	41.00
Lot less than 1 hectare	160.00	107.00
Lot 1 hectare or more	276.00	184.00
Easement or covenant	25.00	17.00
Unit Plan		
Base	301.00	250.00
Each PU or AU	21.00	18.00
Flat Plan		
Base	152.00	134.00
Each building or part	10.00	9.00

LAND TITLE

Search

Product	Counter Price
Title search	7.00
Document access	2.00
Guaranteed title	14.00
Plan (per sheet)	8.00
Title access	8.00

Registration

Product	Counter Price
Document	38.00
New title issue	131.00
Plan deposit	116.00

31 January 2018

Pat Sole
President
Institute of Cadastral Surveying
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Beckenham
CHRISTCHURCH 8242

By Email: sec@ics.org.nz

Dear Pat

Re: Review of Survey Fees

Thank you for your letter of 18 January 2018 to Andrew Crisp, which I am responding to at his request. We appreciate you raising these issues and providing the Institute of Cadastral Surveying perspective on survey fees.

As you noted, survey fees exists in a wider context that has over the past 20 years included the Landonline development (which has both survey and title information to provide an authoritative database for all land professionals) and the move towards utilising more electronic tools in both the practice of surveying and the processing of cadastral survey datasets.

Land Information New Zealand (LINZ) is committed to improving the efficiency and usability of the survey and title system for its customers.

You will be aware of the Advanced Survey and Title Services (ASaTS) project which is being considered to replace the existing Landonline system. ASaTS will be a significant advancement and will improve the quality and usability of survey services using next generation technology.

One of the key focus areas for LINZ is progressing the options for ASaTS. It is anticipated ASaTS will have a major impact on LINZ's survey and title services and will require a comprehensive review of all of the associated fees. The points raised by your letter will be considered as part of this comprehensive fees review; this is the most effective way to ensure that changes to the fees do not have unintended consequences. It is expected this fees review will commence when final decisions on ASaTS are made and will build on the work started in the 2016 fees review. As part of this review we will be considering the full implications of the recent changes to the Land Transfer Act.

As part of the future survey and title fees review, public consultation will be undertaken on proposed changes to the fees and LINZ will be seeking input from the Institute of Cadastral Surveying. I recognise the important contribution that has been made by the members of the Institute of Cadastral Surveying in assisting LINZ in the past. The most recent example has been the work on the impacts of the Christchurch earthquake sequences. I hope that this contribution continues when LINZ issues consultation documents on a survey and title fees review.

In relation to your issue of the fee for the Request Product List, I understand that you have already been in touch with the Land Registry Systems Team and that a fix is in progress. Brian Evans, Manager Land Registry Systems, has advised that all customers that are affected will be contacted and any incorrect charges will be credited. Thank you for bringing this issue to LINZ's attention.

Yours sincerely



Russell Turner
Deputy Chief Executive

cc: Hon Eugenie Sage, Minister for Land Information
Mark Dyer, Surveyor General, Land Information New Zealand