

Regulatory Impact Statement

Land Transfer Bill – Minor Changes To 2010 Policy Decisions and Additional Policy Decisions

AGENCY DISCLOSURE STATEMENT

This Regulatory Impact Statement was prepared by Land Information New Zealand. It provides an analysis of the options identified to address several policy issues that have emerged from stakeholder engagement on the Land Transfer Bill.

An earlier Regulatory Impact Statement dated 20 October 2010 dealt with the overall effect of the Bill, which would be to retain the current system of land registration while simplifying, clarifying and updating the law.

The analysis deals with each issue separately, and recommends a separate option for each of them.

The key assumption underlying the analysis is that there will be negligible compliance costs associated with implementing the preferred options. Any costs to LINZ will be met from within baseline.

None of the policy options are likely to have the effects that the Government has said will require a particularly strong case before regulation is considered.

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BACKGROUND

1. On 20 July 2010 the Law Commission tabled the report *A New Land Transfer Act* (NZLC 116) in the House following a comprehensive review of the Land Transfer Act 1952, which was undertaken in conjunction with Land Information New Zealand (LINZ) and with input from the Ministry of Justice.
2. In November 2010, Cabinet agreed that a bill be drafted to implement the Law Commission's recommendations, and invited the Minister for Land Information to issue drafting instructions to Parliamentary Counsel [DOM Min (10) 20/8 confirmed in CAB Min (10) 41/4 refers]. In 2011 drafting instructions were issued. In 2012 Cabinet agreed to further policy proposals mainly related to technical matters [EGI Min (12) 21/2 confirmed in CAB Min (12) 34/5 refers].
3. The Land Transfer Bill implements the recommendations from the Law Commission's 2010 report *A New Land Transfer Act*. The recommendations were aimed at modernising, simplifying and consolidating the land transfer legislation for enhanced clarity and accessibility and improving certainty of property rights. It will repeal and replace the Land Transfer Act 1952 (Act) and its two stand alone amendment acts with a new Land Transfer Act.
4. This Regulatory Impact Statement (RIS) accompanies a Cabinet paper that will seek minor changes to the 2010 policy decisions and two additional policy decisions.

STATUS QUO AND PROBLEM DEFINITION

5. For each proposal in the accompanying Cabinet paper, this section outlines those aspects of the current land transfer system that the proposal targets and related problems. Where a proposal is seeking to rescind or modify a 2010 Cabinet policy decision, the status quo under the 2010 policy change is also outlined.

Compensation

Status quo

6. The compensation regime under the Act is intended to compensate landowners for loss of land or an interest in land, in certain situations. The land owner can claim compensation from the Crown if the Act prevents them from recovering the land or interest in the land. Compensation is set at the value of the land at the date of loss plus 5% interest to the date of judgment.
7. In November 2010, Cabinet agreed to shift the valuation date to the date of claim. As land usually appreciates in value, and improvements may have been made to the property between the date of loss and the date of claim, this change would in most cases mean that claimants receive more compensation.
8. Cabinet also agreed to give the Court discretion to use a different method of setting compensation if the method provided for in the Act would produce an unfair result (for the claimant or the Crown).

The problems

9. Under the 2010 Cabinet policy decisions, using the date of claim to value property means that compensation would include the value of any improvements made by a claimant after he or she had become aware of the loss. This is problematic because it creates the potential for claimants to manipulate the compensation regime in order to obtain windfall gains at the Crown's expense. In addition, it may disincentivise claimants from lodging claims promptly.
10. Recent case law¹ suggests that the new discretion for the Court to depart from the statutory formula for setting compensation could be used to pay claimants more than the value of the land or interest lost. This was not the intention and would significantly increase the Crown's liability for compensation.
11. The amount required to compensate claimants fairly for losses attributable to the land transfer regime is the amount that would enable them to buy a comparable property. For mortgagees, compensation should only extend to the value of the security (value of the land over which the mortgage is registered) and exclude any amount beyond that which might be owing under the mortgage.
12. The same case law has also highlighted the potential for claimants to bring proceedings under the Act, against fraudsters or other third parties responsible for a loss, without providing the Crown with an opportunity to participate. This creates the potential for the courts to make findings that could affect the outcome of a future claim against the Crown without the benefit of input from the Crown.

Use of encumbrances to secure covenants in gross

Status quo

13. Covenants in gross are covenants that benefit a person or entity rather than other land. A common example is an obligation to remain a member of a residents' association. The general rule is that a covenant in gross cannot be recorded on a land title. As a result, prospective purchasers may not be made aware of them before becoming the owner of the subject land. If so, they do not have to comply with the obligations involved.
14. Encumbrances are used to secure rent charges² and annuities³ and are treated as a type of mortgage. Under section 203 of the Property Law Act 2007, all covenants contained in a mortgage security will bind purchasers of the charged property. Partly in reliance on that provision, encumbrances have been used as a back door way of securing covenants in gross since the 1970s.
15. In November 2010, Cabinet agreed to prohibit the use of encumbrances where their primary purpose is to secure a covenant in gross.

¹ The key judgments are *Burmeister v Registrar-General of Land* [2014] NZHC 631 [1 April 2014] and *Burmeister v Registrar-General of Land* [2014] NZHC 2033 [26 August 2014].

² An obligation to make a regular payment that applies to the current owner of the piece of land involved (and remains binding even when the owner changes). Rent charges are often used to require or incentivise the owner to perform a covenant or as a way of paying for services being provided by the rent charge owner.

³ A fixed amount of money paid annually.

The problems

16. Under the 2010 Cabinet policy decisions, an encumbrance would no longer be able to be registered if its 'primary purpose' is to secure collateral covenants. This approach will not be workable in practice. It is not administratively feasible or practical for LINZ staff to assess whether a particular encumbrance is or isn't 'primarily' for the purpose of securing collateral covenants.

Mortgagee consents to cross lease variations

Status quo

17. A cross lease can only be varied with the consent of all of the mortgagees of all of the leases held under the same freehold title. In November 2010, Cabinet agreed that the only consents required would be those of the mortgagees of the particular cross leases involved.⁴ This was to address stakeholder concerns that obtaining consents could be difficult, time-consuming and costly.

The problems

18. The 2010 Cabinet policy decisions removed the requirement to obtain consents from the mortgagees of any other leases under the same freehold title when varying a cross lease. A variation to one cross lease can affect the value of other leases granted under the same freehold title, potentially undermining the value of the mortgagee's security. Allowing variations to proceed without the consent of all mortgagees could result in unfairness.

Maximum penalty for false statements

Status quo

19. The offence of making a false statement does not exist under the Act. In November 2010, Cabinet agreed that there should be an offence of making false statements and that it should carry a maximum penalty of seven years' imprisonment.

The problems

20. This penalty is inconsistent with the penalties imposed for similar offences under the Crimes Act 1961 (it is significantly higher than penalties for similar offences). The penalty is a disproportionate response to the offending.

Liability of administrators for costs arising from covenants

Status quo

21. Under the Property Law Act 2007, administrators (of estates of deceased persons) have limited liability in relation to costs related to positive covenants. They are not required to meet the costs out of their own pockets but rather are only liable to meet any costs that

⁴ There was no Cabinet decision explicitly referring to cross lease variations. Cabinet implicitly agreed to make the 2010 changes to the status quo under the Act in its decision that a bill be drafted that is closely based on the Law Commission's model Land Transfer Bill [DOM Min (10) 20/8 confirmed in CAB Min (10) 41/4 refers]. The Law Commission's model bill included the new cross lease variation provisions.

can be paid for out of the estate's assets. That protection does not apply to restrictive covenants where administrators are fully liable for related costs.

22. The 2010 Cabinet decisions related to covenants in gross require related amendments to the Property Law Act.

The problems

23. This is inconsistent. There is no reason for the liability of administrators to differ depending on the type of the covenant involved, particularly given that the same substantive obligation can often be expressed in either a positive or restrictive way. For example, a covenant could be expressed positively, to require that any building be constructed on an identified building site, or restrictively, to prevent any building elsewhere on the land involved. Either way, the result is the same.
24. The 2010 Cabinet decisions regarding covenants in gross have highlighted this inconsistency because they explicitly provide for restrictive as well as positive covenants and require related amendments to the Property Law Act.

Privacy

Status quo

25. It is unclear whether the electronic land transfer register is covered by the privacy principles that apply to public registers under the Privacy Act 1993. Arguably, the principles only apply to the (now superseded) paper-based register. This is due to the way the Privacy Act is drafted.
26. The Registrar-General of Land (Registrar) has an explicit statutory power to suppress the details of owners with court orders under the domestic violence legislation, but that power does not cover other owners facing similar threats. The Registrar has on rare occasions used an administrative power to remove identifying details where serious concerns have been raised about the safety of a particular landowner.

The problems

27. The lack of clarity around the public register status of the electronic register is inconsistent with the status of the paper-based register. The inconsistency should be removed because the same type of information is included in both registers.
28. The register includes owners' names and addresses. Providing access to that information can enable users to track down particular individuals and, in doing so, facilitate stalking and targeted violence. Under the status quo, the Registrar's statutory powers to omit an owner's personal information from the register only apply if he or she is covered by section 108 of the Domestic Violence Act 1995.
29. There is no statutory power to withhold the personal information of owners who may be targeted for other reasons, such as members of the judiciary, police or probation officers. The Registrar does have an administrative discretion to remove identifying details, but it is not widely known, is not subject to clear criteria and is not transparent. The Registrar's powers are patchy and incomplete. As a result, some owners and their families are exposed to a serious and unjustifiable risk to their personal safety.
30. There are no 2010 Cabinet decisions that need to be rescinded or modified in relation to this issue. The problem is with the status quo under the Act.

Adverse possession of land in limited title

Status quo

31. A person who has occupied land continuously and excluding the documentary owner can in some situations apply for ownership based on adverse possession. The current process for using adverse possession to claim ownership of land in a limited title (title that is not fully guaranteed by the Crown and where the boundaries of the land may not have been properly surveyed) involves giving public notice.

The problems

32. The public notice requirements for claiming adverse possession of land in limited title are time consuming and costly. These costs and delays are normally unnecessary, as it is unlikely that anybody apart from the current registered owner and any adjoining owner could be affected by the outcome.
33. There are no 2010 Cabinet decisions that need to be rescinded or modified in relation to this issue. The problem is with the status quo under the Act.

OBJECTIVES

34. The objectives of the Land Transfer Bill are to modernise, simplify and consolidate the land transfer legislation for enhanced clarity and accessibility. The Bill is also intended to improve certainty of property rights. In addition to the above, particular objectives of the policy and legislative changes considered below, include:
 - in relation to the use of encumbrances to secure covenants in gross: remove regulatory interventions that are unnecessary and unworkable
 - in relation to adverse possession of land in limited title: minimise compliance costs and improve administrative efficiency
 - in relation to privacy: strengthen protection available to those at risk of significant harm through being identified on the register
 - in relation to the maximum penalty for making false statements: provide a more proportionate response to the offending
 - in relation to compensation, mortgagee consent for varying cross leases and liability of administrators for costs arising from covenants: enable fairer outcomes.

REGULATORY IMPACT ANALYSIS

35. This regulatory impact analysis examines a range of options, all of which would involve legislative reform. No non-regulatory options have been identified for resolving the above problems.
36. All of the options will generate some compliance costs, including one off costs of changing or adapting systems and producing guidance material. Because these costs will be incurred regardless of the option chosen, and are expected to be minimal, they

are not discussed further below. The alternative options for addressing each of the above problems are set out on the following pages.

Compensation regime - date used to determine amount paid

Option 1 (Status quo) - Date when claim is made	Option 2 - Date when claim is made, with exception for some improvements	Option 3 (Preferred option) - Date when loss is discovered	Option 4 - Date when deprivation occurred (status quo under the Act)
<p>Compensation would be based on the value of the estate or interest lost as at the date on which the claim is made. No distinction is drawn between improvements made before and after a loss becomes known to the claimant.</p>	<p>Same as option one except improvements made after the loss was discovered will be excluded from compensation unless they were necessary to meet legal obligations.</p>	<p>Compensation would be based on the value of the estate or interest lost as at the date when the claimant knew (or, if earlier, when a reasonable person would have known) about the loss.</p> <p>In a rising market, an additional sum could be paid to cover increases in value from the date of discovery to the date the claim is settled, to ensure that the amount of compensation reflects the current day value of the loss.</p> <p>The increase would be calculated using a loss adjustment formula set in regulations.</p> <p>Compensation would also be paid for improvements carried out after the loss was known, provided that they had to be carried out to meet a legal obligation.</p>	<p>Compensation would be based on the value of the estate or interest lost as at the date the loss occurred, together with interest at the rate of 5% per annum up to the date of judgment.</p>

Benefits, costs and risks

37. The benefits, costs and risks of the options need to be assessed against the objective of ensuring that owners who suffer loss due to the operation of the Act are fairly compensated. Compensation under the Act is intended to enable the claimant to purchase a comparable property elsewhere.
38. If a loss is valued at an earlier date than the date when compensation is paid, then fairness will usually require that some form of 'top up' be applied to ensure that the quantum of compensation reflects the current day value of the loss in a rising market.
39. Under the Land Transfer Act 1952, an interest rate of 5% per annum is used. This mechanism is a very blunt instrument and is unlikely to achieve a fair result in all cases. Property market values vary from region to region. If the claim is made in a falling market, the interest payment is a windfall.
40. The preferred option reduces the potential for unfairness because it uses a loss adjustment formula that takes into account regional variations in property market values. The allowance will be discretionary so that it does not have to be paid in a falling market where the valuation is unlikely to decrease, or in cases where it would be inappropriate

to compensate a claimant for rising prices because they have delayed lodging a claim for no good reason. It is also proposed to give the Court discretion to shift the valuation date where it would be unfair to use the date of discovery.

41. A date of claim approach (Option 2) could enable claimants to game the system by delaying bringing claims in a rising market, or making improvements after the loss is discovered, knowing that the Crown would ultimately have to pay for them.
42. Claimants might also delay making claims if they were aware of something that might increase the value of the property over and above a more generic rise in property values. Examples include an upcoming change in the zoning of the land or developer interest in buying a particular site at a premium. These types of cases are unlikely to be common.
43. Both Option 2 and Option 3 will involve an assessment of when the loss would have become known to a reasonable person (and should have become known to the claimant) in some cases. This assessment is somewhat subjective and could result in unfairness. However, a similar exercise is often carried out in the context of cases involving limitation periods.
44. On balance, it is considered that Option 3 would best achieve the objective of providing fair compensation to owners. Option 3 is also preferred because it will minimise the potential for delays in the lodgement of claims.

Compensation regime – Crown’s right to intervene in related proceedings

<i>Option 1 (Status quo) – Crown has no right to intervene</i>	<i>Option 2 (Preferred option) – Crown has the right to intervene</i>
Claimants can bring proceedings against fraudsters or other third parties responsible for a loss before lodging a compensation claim, and without providing the Crown with an opportunity to participate.	The plaintiff would be required to notify the Registrar-General of Land of any proceedings that relate to the loss of an estate or interest in land. The Registrar would then have the right to ‘intervene’, by becoming a party to the proceedings.

Benefits, costs and risks

45. The status quo creates the potential for the courts to make findings that will affect the outcome of the claim (including findings that will increase the Crown’s liability) without the benefit of input from the Crown. Enabling the Crown to intervene would assist the courts to make well-informed decisions, and avoid making any findings that unduly increase the Crown’s exposure.
46. There would be some delays while the Crown considered whether to intervene in proceedings and prepared the necessary court documentation, but these would be minimal.
47. The preferred option will help ensure that the compensation paid is fair to both the claimant and the Crown.

Mortgagee consents required to vary a cross lease

Option 1 (Status quo) – Consent only required from mortgagee of the cross lease being varied	Option 2 (Preferred option) – Consent required from mortgagees of all leases under same freehold title
Consents will only be required from the mortgagee/s of the particular cross lease being varied.	Reinstate the requirement under the Land Transfer Act 1952, which is that consents must be obtained from the mortgagees of all leases under the same freehold title.

Benefits, costs and risks

48. The main benefit of the status quo is that it would make it easier and quicker to vary a cross lease in some cases. The Law Commission received anecdotal evidence that obtaining mortgagee consents could sometimes be expensive or difficult, although the extent of the problem was not able to be quantified.
49. Consultation with the New Zealand Law Society and the Auckland District Law Society suggests that the new approach is potentially unfair and carries risks for the mortgagees of the other leases under the same freehold title. A variation to a cross lease can sometimes result in a fall in the value of adjacent properties, undermining the security of mortgagees.

Use of encumbrances to secure covenants in gross

Option 1 (Status quo) – Prohibit the use of encumbrances where their primary purpose is to secure collateral covenants	Option 2 – Limit the use of encumbrances which secure covenants in gross	Option 3 (Preferred option) – Allow the use of encumbrances to secure covenants in gross without any limitations
Encumbrances will no longer be able to be registered where their 'primary purpose' is to secure collateral covenants.	Limit the situations in which encumbrances could be used to secure covenants in gross. Limitations could relate to: <ul style="list-style-type: none"> • The class of people who can be covenantees (i.e. benefit from the covenant); • The purpose for which a covenant can be lodged; or, • The type of obligation (i.e. allowing encumbrances to be used for restrictive covenants in gross but not positive covenants in gross). 	Allow encumbrances to continue to be used without limitation. The new alternative of noting covenants in gross on the record of title as interests that run with the land would also be available.

Benefits, costs and risks

50. There are a range of costs and risks which arise from allowing encumbrances to be used to secure covenants in gross, including the following:
- The consent of any encumbrancees is required to register variations of mortgages increasing priority sums. This can result in mortgagees incurring unwarranted costs. For example, stakeholders advised that Auckland Council charges a fee of \$350 for giving a consent.
 - It is unclear whether a personal covenant included in an encumbrance can be redeemed and discharged in the same way as a mortgage (by paying all sums

due under the encumbrance). This creates doubt as to whether encumbrances do in fact provide the intended security.

- Allowing encumbrances to be used for covenants in gross gives them more protection than other covenants, and there is no good reason for doing so. This is because encumbrances can be registered (and so obtain the protection of indefeasibility), whereas other covenants can only be noted on the relevant title.
51. The status quo under the November 2010 Cabinet decisions would probably eliminate those costs but appears not to be workable.
 52. Stakeholder consultation suggests that applying the ‘primary purpose’ test required under the new policy is not workable. To reach a view on whether the ‘primary purpose’ of a particular encumbrance was to secure collateral covenants, LINZ staff would have to weigh the amount of money payable under an encumbrance against the significance of the particular covenant/s involved on a case by case basis. It is not administratively feasible or practical for LINZ staff to undertake this exercise. As a result, compliance could not be effectively monitored and enforced.
 53. The other options would reduce the incidence of the above costs, but not eliminate them entirely. Limitations on the use of encumbrances could relate to a wide range of criteria. For example, there is some precedent for limiting the class of persons who can be covenantees (benefit from the covenant). Queensland has stipulated that the covenantee can only be the State, another entity representing the State or a local government. Some New Zealand legislation, including the Resource Management Act 1991, caters for some types of covenants in gross to receive special treatment.
 54. However, this option would be likely to result in inconsistencies and unfairness, as it is not possible to identify and provide for all of the circumstances which might warrant the use of an encumbrance mechanism.
 55. The preferred option is to allow encumbrances to be used if desired, while also providing for a new mechanism for noting covenants in gross on titles (in the same way as positive and negative covenants not in gross). It is expected that practitioners will start using the new mechanism voluntarily because it does not carry the costs and risks of encumbrances identified above. Consequently, compulsion seems unnecessary.
 56. The preferred option would preserve choice, and enable encumbrances to still be used where appropriate. It meets the objective of removing regulatory interventions that are unnecessary and unworkable.

Liability of administrators for costs arising from covenants

<i>Option 1 (Status quo) – Only limit administrators’ liability for positive covenants</i>	<i>Option 2 (Preferred option) – Limit administrators’ liability for both positive and restrictive covenants</i>
The status quo is the retention of the current provisions of section 304 of the Property Law Act 2007, which only apply to positive covenants.	The preferred option is to extend the application of section 304, so that it also applies to restrictive covenants.

Benefits, costs and risks

57. Retaining the status quo unfairly exposes administrators to personal liability for costs related to restrictive covenants.
58. There are no benefits to retaining the status quo. Covenantees might be able to enforce compliance with restrictive covenants in some cases, but this benefit is not intended and would come at the cost of fairness to the affected administrators. Retaining the status quo could also result in some administrators being held personally liable for costs that they should not have to meet. This could have the flow on effect of discouraging people from acting as administrators in the future.

Maximum penalty for making false statements

Option 1 (Status quo) – maximum penalty of 7 years	Option 2 (Preferred option)- maximum penalty of 3 years
The maximum penalty for making false statements is imprisonment for a term not exceeding 7 years.	The maximum penalty is reduced to imprisonment for a term not exceeding 3 years

Benefits, costs and risks

59. The status quo creates a maximum penalty for false statements that is inconsistent with penalties for similar crimes under the Crimes Act. This means the penalty is disproportionate to the offending. The preferred option enables consistency across the statute book and provides a more proportionate response to the offending.

Adverse possession of land in limited title

Option 1 (Status quo)- public notification required	Option 2 (Preferred option) – notification limited to owners and occupiers of land and adjoining land
Applications must be dealt with following the process used for bringing land under the Act, which includes providing public notice.	Limit notification to owners and occupiers (excluding the applicant) of the land and adjoining land, and anyone else who the Registrar considers might have an estate or interest in the land. The notice requirement should be waived if those entitled to notice have consented to the application.

Benefits, costs and risks

60. The benefit of the status quo is that the public notice requirements protect the interests of all potentially affected parties. It can be costly however. The preferred option meets the objectives of minimising compliance costs and improving administrative efficiency while still protecting the property rights of other parties. The Registrar would have the discretion to advertise more widely if required.

Privacy – clarifying that the electronic register is a public register

Option 1 (Status quo) – only the paper-based register is a public register	Option 2 (Preferred) – both the paper-based and electronic registers are public registers
It is clear that the paper-based register is included as a public register under the Privacy Act. However the legislation makes this less clear for the electronic register.	Clarify that the electronic register is a public register.

Benefits, costs and risks

61. The risk with the status quo is uncertainty about whether those listed on the electronic register are protected by the public register privacy principles under the Privacy Act. The benefit of the preferred approach is that it would provide more certainty and clarity that information in the electronic register is protected from inappropriate use.

Privacy issues – withholding information to ensure personal safety

Option 1 (Status quo) – Statutory power to withhold personal information is limited to cases where a subject is covered by section 108 of the Domestic Violence Act 1995	Option 2 (Preferred) – Statutory power to withhold personal information would apply wherever providing access would be prejudicial to the safety of the subject or his or her family	Option 3 – Limit access to personal information to cases where the user needed it to complete a land transfer transaction
The Registrar only has a statutory power to omit an owner's personal information from the register if he or she is covered by section 108 of the Domestic Violence Act 1995. There is no statutory power to withhold the personal information of owners who may be targeted for other reasons (eg members of the judiciary, police or probation officers), although there is an administrative discretion to do so.	The Registrar would have a statutory power to withhold an owner's personal information on request, where publication, would be prejudicial to the personal safety of that person or his or her family. An exception along those lines is provided under the provisions of section 115 of the Electoral Act 1993.	Access to personal information on the register would only be provided where the user needed it to complete a land transfer transaction.

Benefits, costs and risks

62. The risk with the status quo is compromised safety of some of those identified on the register. A key benefit is that users of the land transfer register can obtain and use information, generating significant economic and other benefits.
63. Both the status quo and the preferred option present only a minor impediment to realising those benefits, since personal information is only withheld in a small number of cases. The key distinction between the two options is that the status quo exposes some owners to very significant risk by not creating an accessible process for owners to request that their information be withheld. It also creates an inconsistency, since very similar types of risk are treated differently.
64. The key benefit of Option 3 is that it would not rely on an owner making an application to have his or her personal information withheld. The risks to personal safety would be further minimised. However, Option 3 would also prevent the above benefits from being realised. It is considered that Option 3 goes much further than is required to address the problem, and that it would carry significant and unnecessary costs.

65. The preferred option represents a comprehensive and accessible way of protecting subjects from risks to their personal safety. The costs to business and other users would be minimal, given the small numbers of subjects who would qualify to have their personal information withheld. As such, the preferred option strikes the most appropriate balance between the individual interest in personal safety and society's interest in the free flow of information from the register.

CONSULTATION

66. The New Zealand Law Society and Auckland District Law Society were consulted on the proposals regarding cross lease variations and the use of encumbrances to secure covenants in gross.
67. The Law Commission was consulted on this paper and is content with the proposals to rescind or change the 2010 Cabinet decisions. The Office of the Privacy Commissioner was consulted on this paper and is comfortable with the proposals related to privacy. The Crown Law Office has also provided advice in relation to certain aspects of the proposals.
68. The Ministry of Justice and Treasury were consulted on this paper. The State Services Commission and the Department of the Prime Minister and Cabinet were informed of the contents of this paper.

IMPLEMENTATION

69. A transitional period of 12 months from enactment to implementation is proposed for the Bill. This is to allow sufficient time for LINZ to develop regulations, standards and guidance material and to make related adjustments to Landonline. Also for industry stakeholders to make the necessary adjustments to their internal systems and procedures.

MONITORING, EVALUATION AND REVIEW

70. The operation of the new act, including the measures outlined above, will be monitored by LINZ as part of its business as usual internal audit and reporting requirements. There are no plans to proactively review the primary legislation. LINZ expects that any issues with the effectiveness of the system will be picked up in the monitoring outlined above. The subordinate legislation will be reviewed as part of the ongoing LINZ regulatory scan under the Government's Regulatory Review Programme.