

Division 46: Western Australian Land Information Authority, \$36 403 000 —

Ms L.L. Baker, Chair.

Mr B.S. Wyatt, Minister for Lands.

Mr G. Gammie, Chief Executive Officer.

Mr G.J. Dewar, Chief Finance Officer.

Ms C. Smith, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 30 October 2020. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for North West Central.

Mr V.A. CATANIA: I refer to page 728 of budget paper No 2, volume 2. Paragraph 4 states —

State and Commonwealth packages to stimulate the housing and property industry are expected to increase the number of new lots that require titles by the 31 December 2020 deadline for settlement ...

It estimates that 7 500 to 10 000 lots will be available. Landgate is responding to increases and so forth. Is the minister able to provide a breakdown of how many people have already taken up that offer from the state and commonwealth packages through people settling? Is he also able to provide a metropolitan figure and a regional figure, if possible?

Mr B.S. WYATT: That is actually a question for Finance. I can provide the member with a breakdown of both the building bonus and HomeBuilder, which is the commonwealth program, by way of application and amounts paid, as at the most recent date, whatever it happens to be. I do not know whether I can do both regional and metropolitan but I may be able to provide it by way of supplementary information. I do not have the people here to provide that information. By way of supplementary information, I am happy to provide the member for North West Central with a breakdown of applications received and paid out on the HomeBuilder program and the building bonus program; and, if possible, a breakdown by way of metropolitan and regional.

[*Supplementary Information No A13.*]

[7.40 pm]

Dr M.D. NAHAN: I would like to explore the information under “Landgate Partial Commercialisation”, which starts on page 733 and goes to page 735 and beyond. The fourth point on page 733 describes the transaction of the residual agreement and states —

Landgate will continue to collect customer fees and pass on to LSWA its share of the fees in the form of a transaction-based service fee.

The budget does not include the amount of money paid by Landgate to Land Services WA. Could the minister explain why not and give me an indication of how much money that is expected to be?

Mr B.S. WYATT: I will pass that to the CEO. Whether there is a commercial-in-confidence issue there or not, I do not know, but I will pass to Mr Gammie, who will no doubt be able to provide all sorts of useful information.

Mr G. Gammie: Thank you. I would like to invite our chief financial officer, who can give that breakdown.

Mr G.J. Dewar: For the first year of the partial commercialisation, in 2019–20, which only commenced in October, we paid \$42.3 million to LSWA.

Dr M.D. NAHAN: The sale took place in October?

Mr G.J. Dewar: Yes.

Dr M.D. NAHAN: When was the first payment made? Was that three-quarters of a year or a half-year?

Mr G.J. Dewar: Is the member asking for the frequency of the payment to LSWA?

Dr M.D. NAHAN: Yes.

Mr G.J. Dewar: We pay monthly and daily.

Dr M.D. NAHAN: Can the minister indicate how much Landgate is expected to receive from those transactions?

Mr B.S. WYATT: By way of fees?

Dr M.D. NAHAN: Yes, its share of the fees. How much does the budget estimate LSWA will receive in the forward estimates?

Mr B.S. WYATT: I will pass that to Mr Dewar, if he can answer that.

Mr G.J. Dewar: In the 2020–21 financial year, \$62.4 million.

Dr M.D. NAHAN: And beyond that?

Mr G.J. Dewar: A total of \$64.8 million.

Mr B.S. WYATT: That is in the 2021–22 financial year?

Mr G.J. Dewar: That is correct, minister.

Dr M.D. NAHAN: And beyond that?

Mr G.J. Dewar: For 2022–23, \$68.4 million, and for 2023–24, \$72.01 million.

Dr M.D. NAHAN: There seems to be a pattern of escalation.

Mr G.J. Dewar: There is some escalation. We expect that the volumes will grow.

Dr M.D. NAHAN: Its major function is the growth of the transactions?

Mr G.J. Dewar: That is right, yes.

Dr D.J. HONEY: The company that has taken over that service is allowed to increase its fees by two per cent per annum, or some amount similar to that. Is that fee rise built in as a matter of fact that is incremented every year?

Mr B.S. WYATT: Again, I will pass that to Mr Gammie, but that is correct. There is a fair bit of control over that.

Mr G. Gammie: The commercialisation arrangement allows for an annual escalation of the Perth consumer price index.

Dr D.J. HONEY: Those fees that are expected to be paid assume that that is applied each year?

Mr B.S. WYATT: Yes is the answer.

Dr M.D. NAHAN: Do Landgate's costs go up by the Perth CPI as well as LSWA?

Mr B.S. WYATT: If anything, the way Landgate is going about the way it provides its service, it would probably be going down, I would have thought. Perhaps I am putting words in Mr Gammie's mouth and I should not!

Mr G. Gammie: The amount we pay in service fees will increase by both CPI and volume. That is a cost of doing business for each lodgement or each document search. A certain percentage of those fees go directly to the service provider, so that is Land Services WA. As volumes increase or annual increments increase, the cost to Landgate increases in a cash sense.

Dr M.D. NAHAN: Does LSWA get revenue other than this from its ownership of these assets?

Mr B.S. WYATT: It certainly can. I will pass this to Mr Gammie, who can give some examples, perhaps. Landgate has to approve how the information can be utilised for a new product, for example.

Mr G. Gammie: Under the commercialised arrangement, Land Services WA has a non-exclusive licence to commercialise Landgate data, subject to product being approved by Landgate.

Dr M.D. NAHAN: To date, has it sought to exercise that right?

Mr G. Gammie: Yes, it has. So far, two products have been approved by the Landgate board.

Dr M.D. NAHAN: What would they be?

Mr G. Gammie: The first product is a mortgage heat map designed to inform banking institutions of where their mortgages are so that they can undertake portfolio quality assurance and match their records to Landgate records. The second product is in a similar vein. It provides financial institutions with a spatial depiction of where their mortgage portfolios are located and also compares that to mortgages generally.

Dr M.D. NAHAN: Is Landgate involved in the development of those products?

Mr G. Gammie: Landgate was consulted throughout the development of that product and ultimately the Landgate board approved the product.

Dr M.D. NAHAN: Did Landgate staff actually build the products?

Mr G. Gammie: The products are built by Land Services WA.

Dr D.J. HONEY: My assumption was that when Land Services WA took over some of those functions, we would see a reduction in employee costs, but if we go to the top of the table on page 735 under “Expenses” and look at “Employee benefits”, it seems as though there is a bit of a rise and it really only gets back to the 2018–19 actuals in 2023–24. Is there a significant FTE reduction with the commercialisation of those services; and, if so, why do we not see a significant reduction in employee benefits?

Mr B.S. WYATT: I will ask Mr Gammie to perhaps provide an update on the assumptions behind those figures.

Mr G. Gammie: There has been no impact of commercialisation on Landgate staff. Landgate maintains responsibility for all the statutory functions that it was performing before commercialisation. The transaction is the information and communications technology side of the registry system, which has been switched over to Land Services WA. There is no impact on staffing at Landgate because our IT services were already 100 per cent outsourced to Advava, and of course we are retaining our full functions as they were pre-commercialisation going forward.

Dr D.J. HONEY: In which case, where does that cost appear? For example, in the 2018–19 actual, where would I see the cost of the land record management services through the Advava system?

Mr G. Gammie: There are two areas within which we can see the cost of that. It is under the outcome-based management relating to land registry. The balance of the IT costs will be in the normal supplies and services side or asset investment program.

Dr D.J. HONEY: Where would that appear in this budget paper, please?

Mr B.S. WYATT: Just so that I understand the question, in respect of this budget for 2020–21, the member is wanting to see the spend for what?

Dr D.J. HONEY: As I understood the explanation, these computer services were outsourced already; it is just the ownership, if you like, of that outside service has changed in effect, hence there is no FTE change. I am wondering where I could see these costs in the budget papers. Initially that cost was going to Advava, and now it is going to LSWA as an outsourced payment.

[7.50 pm]

Mr G. Gammie: There are two elements to that. The first is the reduction in Landgate’s asset investment program. That is reduced by about half in the forward estimates.

Dr D.J. HONEY: On which page of the budget papers is that? I am genuinely interested to find out. I am happy for the minister to provide it as supplementary information.

Mr B.S. WYATT: I am worried that I do not quite know what I am providing. Mr Dewar can have a go and if he cannot answer it, I will have a go at providing supplementary information.

Mr G.J. Dewar: The IT costs have always sat within the supplies and services costs. I think, member, when we said “outsourcing”, we said “outsourced”, but we still had to pay for those services. Now that part of the services that we provided through that arrangement have moved across to Land Services WA, we are seeing a halving of the cost of those IT services and that is being paid for by LSWA to Advava. The Advava contract was split and LSWA now pays for half of those costs.

Dr D.J. HONEY: Where does that appear in the budget papers?

Mr G.J. Dewar: What we are talking about is in the income statement on page 735. The line item “Supplies and services” includes the ICT costs. That is actually decreasing.

Dr D.J. HONEY: It stays roughly the same. That has been answered. We should move on.

The appropriation was recommended.