

Division 46: Western Australian Land Information Authority, \$48 233 000 —

Mr S.J. Price, Chair.

Dr A.D. Buti, Minister for Lands.

Mr G. Gammie, Chief Executive.

Mr G. Dewar, Chief Finance Officer.

Mr B. Roberts, General Manager, Registration Services.

Mr G. Goldfinch, General Manager, Valuation Services.

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 close of business Friday, 1 October 2021. 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 Roe.

Mr P.J. RUNDLE: My first question relates to page 755 and the top line "Delivery of Services". Can the minister outline why the budget estimate for 2021–22 of \$39 475 000 goes up another \$15 million or \$16 million in the forward estimates in the next year?

Dr A.D. BUTI: I might ask Mr Dewar, the chief finance officer, to elaborate.

Mr G. Dewar: Thank you, minister. The 2021–22 increase is mainly as a consequence of the change in the Midland building ownership—Landgate's headquarters. The balance of that, for the 2021–22 increase, is changes in the asset investment program.

Mr P.J. RUNDLE: I notice that the drop-off after the 2022–23 year is down by \$6 million. What does the minister attribute that to?

Dr A.D. BUTI: I will let Mr Dewar elaborate, but I assume it is because the Midland building negotiation would have been settled by then. Mr Dewar, would you like to elaborate?

Mr G. Dewar: Certainly, minister. The decrease from 2022–23 to 2023–24 is as a consequence of a decrease in appropriation associated with the Landgate partial commercialisation and the government's pledge to ensure that Landgate had sufficient cash to continue to trade.

Mr P.J. RUNDLE: Can the minister also clarify the reduction in capital appropriation held by the agency?

Dr A.D. BUTI: The 2021–22 figure is a carry-forward of capital expenditure and associated funding that was not required in 2020–21. So \$1.892 million in capital expenditure was carried forward to 2021–22, with \$700 million of the funding reduction capital appropriation in 2021–22. The increase in funding is all capital contribution in agencies. The holding account does not increase in 2021–22 for the reduction in 2020–21; then the member is aghast at a further reduction going forward from there into 2022–23. Mr Dewar, would you like to say anything?

Mr G. Dewar: Certainly, minister. The year 2021–22 is a larger capital program than 2022–23 because the projects that we have in that financial year require more spending, essentially. Therefore, we are only appropriating the amount that we need to pursue the projects that we have on.

Mr V.A. CATANIA: I refer to page 756. An item under "Other" and "Office Accommodation" is "Lease Update Bunbury Office". I just need some explanation of the numbers in 2021–22, 13; 2022–23, 13; and then 2023–24, 9. Is that \$9 000? Is that what this number means in terms of a lease update for the Bunbury office? Is that correct?

[4.10 pm]

Dr A.D. BUTI: Yes, it is. It is a reduction in the rent funding agreement.

Mr V.A. CATANIA: Is there still an office in Bunbury?

Dr A.D. BUTI: Yes.

Mr V.A. CATANIA: How large is the office?

Dr A.D. BUTI: It is the same. It has not changed; the only change is the amount of rent being paid.

Mr V.A. CATANIA: I refer to “Midland building lease”. For 2020–21, the estimated actual for the expiry of that lease is \$1.189 million, and then it goes all the way up to \$4.153 million and so forth. Has the rent increased by nearly \$3 million?

Mr G. Dewar: The lease for the building in Midland expired in March 2021. The land is owned by the Crown. However, the building was owned by a South Australian superannuation company. That ownership reverted to state ownership in March. When Landgate was a tenant and the building was owned by the state superannuation authority of South Australia, Landgate recorded the lease of the building as a lease for accounting purposes. That is no longer the case because the land and building are now owned by the state of Western Australia. We are now a tenant of the state of Western Australia, and that will be administered through the Department of Finance, as is the case with most government agencies. As the member will see, there is an increase in expenditure but there is a decrease offsetting that as well.

Mr P.J. RUNDLE: I am trying to get some clarity on this. The building has reverted to state ownership, yet the government has approved \$16.9 million in accommodation expenses over the forward estimates period. Is this an accounting item between different departments? Is that what the minister is saying?

Dr A.D. BUTI: I will ask Mr Dewar to elaborate, but it is a reduction.

Mr G. Dewar: Overall, we are now paying the Department of Finance for the accommodation costs.

Mr P.J. RUNDLE: Instead of paying the South Australian superannuation authority, Landgate is now paying the Department of Finance?

Dr A.D. BUTI: That is right.

Mr V.A. CATANIA: I still do not understand; forgive my ignorance. In 2020–21, the estimated actual was \$1.189 million. In 2021–22, the budget estimate is \$4.153 million, a rough increase of close to \$3 million. By taking over the building, it is now costing nearly \$3 million a year. Is that correct?

Dr A.D. BUTI: I will ask Mr Gammie to elaborate.

Mr G. Gammie: The \$1.18 million is a reduction in rent payments to the Department of Finance for the balance of the financial year in which the lease ceased with the superannuation fund of South Australia. The numbers in the out years are reductions in rent, so we need less funding to pay for the rent for the building under our state ownership.

Mr V.A. CATANIA: Under the South Australian superannuation company, what was the department paying for that lease?

Dr A.D. BUTI: Does the member mean: what was Landgate paying?

Mr V.A. CATANIA: Yes, what was Landgate paying?

Mr G. Dewar: The arrangement was actually with the Department of Finance. Landgate did not pay the state superannuation fund for any of the lease itself; it was paid to the Department of Finance. The arrangement was never direct with Landgate and the South Australian superannuation fund.

Mr V.A. CATANIA: Landgate never saw the bill that it was paying for leasing the building from the South Australian superannuation company. Is that correct? Was it conducted through the Department of Finance?

Dr A.D. BUTI: Previously, Landgate paid about \$8 million a year. Now it will be paying around \$4 million a year. That is a significant reduction.

Mr V.A. CATANIA: I am seeking to clarify what was being paid before.

Dr A.D. BUTI: It was \$8 million. The figure of just over \$1 million in the budget papers is for only part of the financial year.

Mr V.A. CATANIA: Under “Midland Building Lease”, the budget papers set out “Expiry” and “Agreement”. The estimated actual for the agreement is \$1.115 million in 2020–21; in 2021–22, it is \$3.836 million; then it goes up, then it goes down and then it goes back up. There is still a difference of over \$3 million. Can the minister explain that number from \$1.115 million all the way to \$4.060 million in 2024–25?

Dr A.D. BUTI: That first figure is only for part of the financial year, while the others are for the full financial year.

Mr V.A. CATANIA: Even if it was for part of the financial year, is that \$1.115 million half or one-quarter of the financial year?

Dr A.D. BUTI: The ownership reverted in March 2021.

Mr V.A. CATANIA: So over three months, the authority was charged \$1.115 million for rent?

Dr A.D. BUTI: Yes.

Mr G. Dewar: The table shows expenses from an accounting perspective. The amounts are not payments of cash. Part of the reduction in the figures relates to the way we are accounting under the leasing accounting standard for reducing the lease arrangement that sat within Landgate’s financials. As I said, it is not a payment. We should not get mixed up in saying that this is how much the lease payment reduced; it is the expenses only.

Mr P.J. RUNDLE: I refer to the first paragraph under “Significant Issues Impacting the Agency” on page 756. As the minister knows, the Transfer of Land Amendment Bill has gone through the lower house.

Dr A.D. BUTI: After your outstanding contribution!

Mr P.J. RUNDLE: I thought so.

I note that a public education program will be required due to the functions of the duplicate titles et cetera. Does the minister have any estimation of how much that public education program will cost?

Dr A.D. BUTI: No, I do not. The member might be the first to hear that—this is between you and me—I may appear in a video speaking in Italian. The member for North West Central would understand that a lot of Albany Italians might be a bit hesitant about this. Watch this space.

Mr P.J. RUNDLE: We look forward to it.

With 67 per cent of the issue of duplicate certificates being held in bank vaults and the minister pointing out that the cost savings related to their removal will be saved by the financial institutions, in dollar terms, how will that flow on to the customers? Will it decrease Landgate’s expenses as well? Can the minister explain where those savings will accrue?

Dr A.D. BUTI: I might ask Bruce Roberts to explain.

[4.20 pm]

Mr B. Roberts: A number of savings will be involved. The first level of savings released to the processing of transactions involve duplicate certificates of title—essentially, the processing of the transactions and the reduction in processes that are required to deal with duplicate titles. I cannot provide the member with a cost estimate, but we will be working through that. The other level of savings relates to the banks themselves, and that is really the cost of holding the duplicate titles in the banks’ vaults. Ultimately, when titles become no longer active under the legislation, they will be in a position to essentially destroy those titles, so they will no longer have holding costs for those titles. The third level of saving is really at the consumer level. When someone does a land transaction under the existing duplicate title regime and they have a mortgage on that property, they are charged a title production fee. When we no longer have a duplicate title, they will not be charged a title production fee.

Mr P.J. RUNDLE: Will there be a program to go through that? Let us say I have the title for a house sitting in a bank vault and we move to the electronic system, how will that transpire, because theoretically there will be an electronic version in one place and a paper version sitting in the bank vault? How will that work?

Dr A.D. BUTI: I will ask Mr Roberts to answer, please.

Mr B. Roberts: Legally how that will work is that under the legislation we will set a date on which duplicate titles will no longer be effective in law. Once they are no longer effective, we will then move to essentially a process whereby we no longer need to take in duplicate certificates of title. Prior to that, as the minister alluded to, we will be undertaking public and industry education programs around the processes that need to change, so that when transactions that previously involved duplicate titles no longer involve them, the requirements for how people deal with land will be set out in materials on both our website and in our processes. Essentially, it is how we will deal with it at a business level and then how industry will deal with it in terms of no longer having to produce duplicate certificates of title.

Mr P.J. RUNDLE: As far as the banks go, will Landgate have a comprehensive program to tell them to remove all the titles sitting in their vaults, or will it be up to them when a new settlement happens to say, “That’s no longer relevant”? How will that play out with the banks?

Dr A.D. BUTI: I will again ask Mr Roberts to respond.

Mr B. Roberts: Member, we certainly intend to provide information bulletins to all our stakeholder groups, particularly the banks. I might add that we have consulted significantly with the banks on this legislation, and they are very supportive of this approach. Essentially, we will advise them in advance of the date on which the duplicate titles will no longer be effective. By that date, they should have been given sufficient time to conduct a transaction without a duplicate title. There will be lead time and then the transaction will occur without duplicate certificates of title.

Mr V.A. CATANIA: I refer to page 757 and paragraph 5 under the heading “Significant Issues Impacting the Agency”, which states —

Landgate is modernising its valuation system which generates rating and taxing valuations for the State. The current system has been in place for 20 years ... new technologies to improve valuation processes, efficiency and service delivery for Landgate's customers.

Basically, it is enhancing the management of cybersecurity risk. Given that Landgate has been partially sold off or privatised —

Dr A.D. BUTI: I do not accept the premise of the member's question, but move on.

Mr V.A. CATANIA: Does the minister or the department know whether there have been any cyberattacks or whether any information has been accessed through cyberattacks?

Dr A.D. BUTI: No. As far as we are aware, there have been none.

Mr V.A. CATANIA: Landgate expects to finalise the procurement of a new valuation system in the next 12 months. How is that progressing? When will Landgate meet that target of finalising procurement of a new system that will obviously provide further cybersecurity protection?

Dr A.D. BUTI: I will ask Mr Goldfinch to respond.

Mr G. Goldfinch: It is a good question. We are currently progressing through the procurement, as the member mentioned. The intention there is to move through the procurement and sign off on a contract in the next 12 months, but there is a lot of work to be done in the meantime. Certainly, we have been through a fairly rigorous evaluation process to this point, but, as it is a procurement process at this stage, I am unable to go into the details of that.

Mr V.A. CATANIA: Given that the process to finalise the procurement of a new valuation system will take 12 months and that technology is rapidly changing, the number of cyberattacks is rapidly growing—as we all know—and Landgate holds a lot of personal information, does the minister see the procurement process blowing out longer than 12 months? Is Landgate trying to get it done within 12 months, importantly, so that it can protect people's personal information?

Dr A.D. BUTI: As we stated before, as far as we are aware, there have been no cybersecurity breaches that have gathered information from Landgate. We do not expect the process to take longer than 12 months. This system is secure now; we are just going make it even more secure with better technology.

Mr P.J. RUNDLE: I refer to page 762 and the line item "Strata Titles Act 1985 Reform" under the heading "Works in Progress". It is nearly two-thirds of the way down that table.

Dr A.D. BUTI: Is the member referring to paragraph 1.3?

Mr P.J. RUNDLE: It is referred to in paragraph 1.3 and the line item further down the page. I was looking at the line item under the heading "Works in Progress".

I notice that the amount expended rapidly diminishes and wraps up with a \$1.65 million budget estimate in 2021–22. Is the minister sure that there is no need to extend this funding beyond this budget year, because although the Strata Title Act reform is happening at the moment, I would have thought the advertising and administration will continue in the out years to some extent?

Dr A.D. BUTI: It has been going for a considerable time already, and there has to be a time when it is all completed. Finalising the system and process changes needed to implement the system is going well and we do not see any problems, but Mr Roberts might want to elaborate on that.

Mr B. Roberts: The minister is correct. Essentially, the wind-down in costs over this period is really just the clean-up of the final system changes that we are making to give effect to the community titles schemes that we are putting in place under the legislation as well as the changes under the Strata Titles Act.

[4.30 pm]

Mr P.J. RUNDLE: Can the minister give me a short summary of how he believes the implementation has gone? I imagine that some of the strata companies have adapted quickly; some that are caught back in the darker ages may not have adapted. Can the minister give a short summary of how that is going?

Dr A.D. BUTI: The member has asked me for my understanding. My understanding is that it is going well.

Mr P.J. RUNDLE: Have we had any disputes in the State Administrative Tribunal pursuant to the Strata Titles Act reform?

Dr A.D. BUTI: The question of whether there are any disputes before the State Administrative Tribunal is actually a matter for the Attorney General, but my understanding is that the reforms have broader benefits that appeal to the community and have generally been accepted. The matter of strata title disputes would come under the State Administrative Tribunal and the jurisdiction of the Attorney General.

Mr V.A. CATANIA: I refer to page 763 and income statement. Point 2.1 under subheading "Expenses" states —
additional planning costs for the replacement of the Valuation Services system and an expected increase in cloud-based software services as a consequence of the move away from on-site storage ...

Can the minister elaborate on “in cloud-based software”? Where is the department going to purchase its cloud space from—here in Western Australia, or over east or overseas? Can the minister elaborate on where the cloud is going to be? Is it hovering over us or is it hovering somewhere else?

Dr A.D. BUTI: I will ask Mr Dewar to respond.

Mr G. Dewar: Landgate uses cloud storage as part of our business, and we have done for quite some time now. We tend to use one of the larger firms. It is an Australian-based cloud storage set-up. It is in Australia.

Mr V.A. CATANIA: Whereabouts in Australia is it?

Mr G. Dewar: Cloud storage is an interesting phenomenon that allows for storage to be moved between different data centres. In our case, it can move between several data centres between major capital cities.

Mr V.A. CATANIA: Can the minister explain how it moves around? Firstly, I am interested in the security aspects of it being an Australian company; secondly, I just want to know whether there are any Western Australian companies that offer a cloud-based service. We are all about buying local. Are there any local companies that have bid for Landgate’s work?

Dr A.D. BUTI: I will ask Mr Dewar to explain.

Mr G. Dewar: Cloud-based service offerings generally require significant infrastructure, and, as far as I am aware, there is no level of cloud storage offered by a Western Australian-owned company, so we are using the multinationals, but based in Australia. There are data centres within Western Australia, and certainly our on-premises systems that we operate in Landgate are operated at data centres in Western Australia.

Mr P.J. RUNDLE: I refer to page 756 and the second item under “Significant Issues Impacting the Agency”, which relates to the electronic conveyancing marketplace. It states that Landgate is participating in ongoing work through the Australian Registrar’s National Electronic Conveyancing Council and that, once drafted, there will be a regulatory impact statement et cetera. Will that require new legislation? Obviously, we have the Transfer of Land Amendment Bill coming through, but will new legislation be required to join this national marketplace?

Dr A.D. BUTI: Eventually, legislation will be required.

Mr P.J. RUNDLE: It will be required?

Dr A.D. BUTI: Yes.

Mr P.J. RUNDLE: Does the minister foresee that coming in this term of Parliament, considering it appears in —

Dr A.D. BUTI: Yes.

Mr P.J. RUNDLE: Will this change to the national electronic conveyancing marketplace result in a reduction of FTEs for Landgate?

Dr A.D. BUTI: No.

Mr V.A. CATANIA: I refer to page 763, under “Financial Statements” and “Income”, point 3, halfway down the page —

In 2020–21, Government incentives stimulated activity in the new housing market and increased buoyancy was experienced in the established housing market, even after the incentives ceased. This resulted in a 39% growth ...

It goes on to state that the department does not expect this to be sustained in 2021–22. Can the minister elaborate on that? The department has experienced growth but does not believe that it is going to be sustained over the 2021–22 period. What decrease is the department forecasting and for what reasons?

Dr A.D. BUTI: It is because the state and federal building bonuses and HomeBuilder grant stimulus are coming to an end. That is why we expect it to eventually drop off.

Mr V.A. CATANIA: Does the department have a level of understanding of whether it will drop by 30 per cent or 40 per cent?

Dr A.D. BUTI: No.

Mr V.A. CATANIA: Has the department done any modelling? I imagine that the department would know how many grants are given out by the state and federal governments to assist in new buildings. Surely the department can anticipate a drop-off in new housing?

Dr A.D. BUTI: Last year it was 330, and we expect that in the next financial year —

Mr V.A. CATANIA: Sorry; what is 330?

Dr A.D. BUTI: It was 330 000 and is expected to go down to 275 000.

Mr V.A. CATANIA: Can the minister just explain what those numbers are?

Dr A.D. BUTI: I will pass that to Mr Gammie.

Mr G. Gammie: Thank you. The 330 000 refers to the number of document lodgements we had in the last financial year. In the current financial year, based on our assessment of likely market activity, we are expecting about 275 000 lodgements, and those are the figures that are reflected in the *Budget Statements*.

Mr V.A. CATANIA: What is the average number of lodgements in a year, so that we have some way to compare it?

Dr A.D. BUTI: We do not really have an average a year. We are dealing with this budget item; we do have other sectors to go.

The CHAIR: If we finish early, we cannot start the next division until five, anyway. Member for Roe.

Mr V.A. CATANIA: We are trying to do our job here. If you want to leave and go home early—well.

The CHAIR: Member for North West Central, no-one asked for any sort of comment from you.

Dr A.D. BUTI: You haven't asked one sensible question all day!

The CHAIR: Minister! Member for Roe.

Mr V.A. CATANIA: You can't answer any of the questions!

The CHAIR: Member for North West Central!

Mr P.J. RUNDLE: I have a very high quality question coming up here, Mr Chair.

Dr A.D. BUTI: That will be a surprise!

Mr V.A. CATANIA: You won't get the same as an answer!

Mr P.J. RUNDLE: I refer to page 759 and land titling. The table there refers to "Employees (Full-Time Equivalents)". I notice that we seem to have a gradual decline from the 2019–20 and 2020–21 estimated and actuals, and then we are down to 96 FTEs in 2021–22. Can the minister explain to me what is going on there? I want to know whether this will impact on service delivery.

[4.40 pm]

Dr A.D. BUTI: No, it will not impact on service delivery.

Mr P.J. RUNDLE: Will these positions be redeployed within the Landgate business?

Dr A.D. BUTI: Obviously, there is a reduction in FTEs. No.

Mr P.J. RUNDLE: We have lost at least 14 jobs from land titling and electronic scenarios et cetera. Can the minister guarantee that he will continue to deliver services effectively on behalf of the government?

Dr A.D. BUTI: Landgate has been a great deliverer of services and I am very confident that it will continue to do so.

Mr V.A. CATANIA: I refer to page 758 of the budget papers and the line item "International standards for accuracy and uniformity of rating and taxing values are met". Under "Gross Rental Value", the rate for 2019–20 is 4.22 per cent; in 2020–21, it is less than seven per cent; it is not applicable in the 2021–22 estimated actual; and in 2021–22, it is less than seven per cent.

Dr A.D. BUTI: Is the member talking about the coefficient?

Mr V.A. CATANIA: Yes.

Dr A.D. BUTI: Get it right. The member said one and then he jumped one. Does he mean the line "Coefficient of Dispersion to check uniformity of values", which is underneath that?

Mr V.A. CATANIA: Yes, where it has "Gross Rental Value".

Dr A.D. BUTI: Yes, but there is "Gross Rental Value" above that too; which one is the member referring to?

Mr V.A. CATANIA: No-one jumped anywhere; that is my line item.

Dr A.D. BUTI: Which one is the member referring to?

The CHAIR: Minister, let the member finish his question.

Mr V.A. CATANIA: The line item "Gross Rental Value" under "Coefficient of Dispersion to check uniformity of values". Can the minister also explain the "Unimproved Value" line item as well?

Dr A.D. BUTI: I will ask Mr Goldfinch to answer the question.

Mr G. Goldfinch: That relates to the deferral of the regional GRV program, which therefore created difficulties for us in measuring that activity, so that is that result.

Mr V.A. CATANIA: Can the minister explain why there is a deferral and why regional WA has not been able to be measured?

Dr A.D. BUTI: I will ask Mr Goldfinch to elaborate, but I imagine that part of it is to do with COVID-19 and not being able to travel, but I may be wrong.

Mr G. Goldfinch: Yes, that is correct, minister. The deferral by the Valuer-General was determined as a result of COVID-19 and also as a result of the impact of that on commercial operations and the residential market. Therefore, the decision was made to defer that GRV program.

Mr V.A. CATANIA: Correct me if I am not understanding this, but obviously the Valuer-General influences local governments and how they rate ratepayers, pastoralists and so forth. How have they been able to calculate their budgets going forward if there has been no Valuer-General rating in regional WA? We have seen some large increases, particularly in the pastoral industry, and in some cases, the increase has been more than 50 per cent, if not more. Has this had an effect on that?

Dr A.D. BUTI: If there is a delay, it is based on the existing valuation. Local government authorities rely on the existing valuation until there is a change.

Mr V.A. CATANIA: If the Valuer-General had found that the value had decreased and the valuation could not be done this financial year, but in the following financial year there was an increase, obviously the ratepayer would potentially miss out on a reduction in their rates. When the minister says that the Valuer-General has not been able to get out there because of COVID, I do not understand that. How is that the case when we have had only three lockdowns in 18 months?

The CHAIR: Member for North West Central, wait until you get a response and then you can ask a second question.

Dr A.D. BUTI: There have been lockdown periods, but even when there have not been lockdown periods, there has been a reduction in the ability to travel by air and other means. Councils adjust their rates according to the revenue that they need to finance their services. They are not supposed to use them to obtain a profit.

The appropriation was recommended.

Meeting suspended from 4.45 to 5.00 pm