

Division 43: Western Australian Land Information Authority, \$33 744 000—

Mr I.C. Blayney, Chair.

Mr B.S. Wyatt, Minister for Lands.

Mr G. Gammie, Chief Executive Officer.

Mr G. Dewar, Chief Finance Officer.

Mr E. Soares, General Manager, Business Enablement and Location Data Services.

[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, 31 May 2019. 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 Scarborough.

Mrs L.M. HARVEY: I refer to page 635 and the divestment of the state's PEXA shareholding. How much money did the sale of PEXA return to the government and where has that profit been invested?

Mr B.S. WYATT: Landgate held an 11.83 per cent shareholding in PEXA on behalf of the state government. The Landgate board and the Minister for Lands; Treasurer accepted a trade sale of the shareholding resulting in total proceeds of \$185.5 million. The Expenditure Review Committee approved that 100 per cent of the proceeds of the sale of the PEXA Ltd shareholding be returned to the consolidated account, which has been done by two payment methods. The gain on sale was subject to a 30 per cent corporate tax equivalent payment with the post-tax proceeds returned to the consolidated account via the recommendation of the board of an interim dividend; so most of it was paid by way of dividend through Landgate under the Land Information Authority Act 2006. In total, \$185.3 million was returned to government in the 2018–19 financial year via the income tax payment of \$43.9 million and an interim dividend payment of \$141.4 million.

Mrs L.M. HARVEY: So it all went into the consolidated revenue account?

Mr B.S. WYATT: Yes.

Mr V.A. CATANIA: I refer to page 634, "Spending Changes", and to "Landgate Partial Commercialisation Project", with the funding for Investec Australia rounding out to \$416 000 in 2019–20. I have tried to get briefings about this from the Treasurer's office but have been refused. Can the minister provide an update on the expressions-of-interest process, which closed on 12 February this year?

Mr B.S. WYATT: The member sought briefings from my office?

Mr V.A. CATANIA: Yes.

Mr B.S. WYATT: That can be arranged. I was not aware. I will give the member a quick rundown of where it is at. The state announced that it would commercialise or restrict part of Landgate's automated services. This has been led by Treasury, but Landgate is actively engaged in this process. The state is seeking to appoint a service provider via a staged competitive process. The first stage commenced with the release of an invitation for expressions of interest, which was publicly advertised from 8 January to 12 February 2019. The second stage of the process called for indicative offers from the parties that progressed from the expression-of-interest stage. The deadline for indicative offers was 6 May and these are currently being considered and assessed by the project's steering committee and Landgate board before a final decision is made by the minister to progress proponents through to the final stage of the process. That is where we are up to. The third and final stage of the process will be a request for binding offers. That is where we are at at the moment. Mr Gammie, do you want to add anything else?

Mr G. Gammie: No; that explains the current situation.

Mr V.A. CATANIA: Has the fact that Perth has hit a 10-year low in housing sales impacted the EOI process at all?

Mr B.S. WYATT: That is something we keep assessing around, for example, retention values and things like that, bearing in mind that the proposed period is quite long—40 to 50 years—and I suspect that there will be cycles in that period, but that will be an issue of course for the state when it makes a decision about the retention value and ensures that an appropriate price is paid.

[7.30 pm]

Mr G. Gammie: Both the state and any proponents will do their own economic analysis. From the state's perspective, it is looking at future property transactions or document levels over the next 40 to 50-year time frame and determining, based on the macroeconomic view, what the outlook looks like. That will help the state determine retention value and reserve price for the sale. On the other side, proponents who are looking to purchase will do similar studies themselves to work out their valuation for the opportunity.

Mr V.A. CATANIA: Given the fact that the government has moved away from a total sale of Landgate and is now going down the road of a partial sale, can the minister guarantee the security of Western Australia's property titles when the transaction will be in private sector hands?

Mr B.S. WYATT: The security will be protected in exactly the same way as it is today, and over time will be updated as technologies emerge.

Mr V.A. CATANIA: Were respondents from outside Australia given the opportunity to respond to an expression-of-interest process?

Mr B.S. WYATT: Yes; obviously there would have to be a Foreign Investment Review Board process for them to get there.

Mr V.A. CATANIA: What revenue does the government expect to get from the partial sale of Landgate?

Mr B.S. WYATT: Suffice to say I am not going to set a figure now, but the work we are doing, as Mr Gammie said, in understanding the retention value and therefore setting what we view as a reserve price is fundamental. I am not interested if it is below retention value; there would be no point. That is something that we are keen on getting right, and a lot of effort is going into that.

Mr V.A. CATANIA: What will that money be used for? Say the government gets \$1 billion or \$2 billion out of it, will it be used to pay down debt or as more spending on Metronet?

Mr B.S. WYATT: When we announced this, it was to fund our obligations with the lifting of the statute of limitations in respect of child abuse; that is, to fund our exposure to that.

Mr V.A. CATANIA: Is that it, when it comes to commercialising Landgate? Are there any other aspects of Landgate that the government may sell off to obviously put in the coffers?

Mr B.S. WYATT: No, I do not anticipate that. What has been chosen is perhaps the more obvious part. I do not see, at this point, that there is any opportunity to go any further than we are going.

Mrs L.M. HARVEY: What is the government selling? Is it selling state guarantees?

Mr B.S. WYATT: No, the guarantees will still be in place as per the legislation. Mr Gammie might make some more comment around that. The land titles register will continue to be owned by the state. The statutory roles of the Western Australian Registrar of Titles and the Commissioner of Titles will remain unchanged. Indeed, the registrar and commissioner are intimately involved in the process, because they will continue to be responsible for the accuracy and integrity of the register. As a result, indefeasibility of title will continue to be guaranteed by the state. That is fundamental to the Torrens system we have.

Mr G. Gammie: Perhaps a way to understand the nature of the transaction is that it is essentially a large information and communications technology contract under which a service provider will take on board the responsibility of operating and improving over time the state's registry. As the minister mentioned, the registry itself—all the data and processes—remains the property of the state and will continue in the transparent way that people are used to. The service provider will essentially look after the system that supports the registry and the transactions in the registry.

Mrs L.M. HARVEY: In effect, the government is selling the transactions. Is it also selling access to data, or is the proponent not able to use the data for any purpose except the one transaction that occurs with the sale of land and the registration of a title?

Mr G. Gammie: The service provider will have access to data and the opportunity to commercialise that data, as many other value-added resellers do today. In other words, they will have the ability to access data that is publicly available now and provide it to other resellers of that data. Any product that they may choose to develop and offer will be subject to the approval of the state.

Mrs L.M. HARVEY: Presumably all of the data currently available on a strata title certificate—caveats, mortgage information and all of that sort of information—will be able to be used by the new owner of the service. Previously, anyone who wanted to use that had to pay a transaction fee to the state government. Now, the owner of this data will be able to use it and commercialise it, and presumably charge other people for access to it.

Mr B.S. WYATT: Correct; it is in that revenue stream.

Mr G. Gammie: Correct. It is the same as some of our existing value-added resellers already providing that service publicly using the very same data. It is basically providing the service, provided with the same use and access to that data as others already in that market.

Mrs L.M. HARVEY: Is this commercialisation going to be constructed so that the state manages to get a clip on each of the transactions and a return of revenue to the state, or are we looking at just a bulk up-front sale of data and then the operators can do pretty much what they like with it? If they want to increase fees and charges or commercialise the data, I hope the state will get some kind of commission on any added value that the provider will achieve. Is that how we are looking at constructing it?

Mr B.S. WYATT: With respect to the pricing, I will ask Mr Gammie to comment, because I think quite an interesting thing is being done around this. There will be pricing safeguards. We are capping the pricing. We are effectively asking the market to give us services at CPI or CPI plus one per cent, to see what values can be provided with that. Mr Gammie might want to add to that around the issue of whether the state will continue to get a revenue stream.

Mr G. Gammie: Yes, it would be a similar process as we currently use with value-added resellers that access state data and on-sell it to the government. Where the state receives a royalty, it would be a similar arrangement for the service provider.

Mr V.A. CATANIA: I want to understand this. The government is going to sell the registry, the titles.

Mr B.S. WYATT: We are not selling the registry.

Mr V.A. CATANIA: Is the government selling the information?

Mr B.S. WYATT: We are selling the capacity. At the moment, as the member for Scarborough pointed out, the information is effectively there already. A revenue stream is created and effectively that is being commercialised to that third party.

Mr V.A. CATANIA: Does the state have to pay to access that information?

Mr G. Gammie: No.

Mr V.A. CATANIA: So, it is a sugar hit? The government is going to allow a company to purchase that information, and that company is then allowed to on-sell that information? Is it private information at the moment?

Mr B.S. WYATT: It is the same privacy that currently exists.

Mr V.A. CATANIA: It is still public, but someone has to make a purchase to be able to get that information.

Mr B.S. WYATT: Which anybody can.

Mr V.A. CATANIA: Still, I suppose some people would say that it is a risk that information goes to anyone out there.

Mr B.S. WYATT: Anybody out there can get it. It is already there, for anyone.

Mrs L.M. HARVEY: People can just pay and get it online.

Mr V.A. CATANIA: I just want to make a point.

Mr B.S. WYATT: The issue is important, because all of the information is available for anyone to go online and purchase it. Existing privacy rules and laws will continue to apply, but this is public information that people effectively buy now.

[7.40 pm]

Mr V.A. CATANIA: I suppose the point I am trying to make is that companies can onsell that information and it will be used more widely. Individuals who want to find out about their property titles will pay for that information—they will source that information as an individual—whereas, if it is sold to a company that can on-sell all that information, people could be barraged by companies that have purchased that information to sell their goods or whatever the case may be.

Mr B.S. WYATT: A good example is that every now and then we all get flyers in the letterbox from the local real estate agent saying, “Did you know that on your block in the last year, these properties sold at this price?” That information comes from this data. Similarly, there are apps people can get that give them a rundown on prices, time of sale and who sold the property. Effectively, third parties are collating that data now and they are paying for that data. As is often the case with open-data policies, they use it in more effective ways than perhaps others have done.

Mrs L.M. HARVEY: It is my understanding that at the moment other government agencies need to access the data held by the land registry; for example, the Departments of Housing and Communities. Will government continue to have unfettered access to the data or will it need to pay to access the data after the sale?

Mr B.S. WYATT: No, we have learnt from New South Wales; they got themselves in all sorts of trouble.

Mrs L.M. HARVEY: Good. With respect to the revenue stream that the government is expecting from the commission on sales and the commercialised products or whatever else, obviously this part of Landgate's business subsidises a range of other services that it needs to provide to the community. Can the minister give a guarantee that we will not see a massive cutback in the services Landgate currently provides as a result of the sale? Will the government take a portion of the proceeds of the sale and quarantine it to cover the provision of services into the future?

Mr B.S. WYATT: That is a good question. We want to ensure that those other services are sustainable. I am trying to be careful because I note the status of where the process is up to, but I am sure I can say, Mr Gammie, that suffice to say those things are being considered, so that Landgate can continue to provide those other services.

Mr D.C. NALDER: Further to that, I can see, as the minister stated, that the \$250 million that comes through shows the increase in revenue from the sale.

Mr B.S. WYATT: Sorry, where is the reference?

Mr D.C. NALDER: It is page 638 of budget paper No 2. The estimated actual is \$251 million against the 2018–19 budget of \$104 million. That has to be the proceeds from the sale; is it not?

Mr B.S. WYATT: No.

Mr D.C. NALDER: What is the difference between the \$251 million and the \$104 million?

Mr B.S. WYATT: It is the Property Exchange Australia sale.

Mr D.C. NALDER: That is the PEXA sale. Will there be an impact on the state's revenue stream at all from the sale of PEXA?

Mr B.S. WYATT: No. It has not made any money yet, so there has been no dividend.

Mr D.C. NALDER: But it is expected to make money in the future, so we are selling it before it makes money.

Mr B.S. WYATT: Possibly, but it now enters a competitive world to go off and try to do that.

Mr D.C. NALDER: On the competitive nature, it has always been a fear that someone will come in. Think about online share trading—the stock exchange retains control of the platform, but lots of providers can come in and leverage that platform. We have sold, if you like, a platform and then said that others can come in and create a platform. Is it possible that the market can be competitive in this way?

Mr B.S. WYATT: I will ask Mr Gammie to answer.

Mr G. Gammie: The state had only an 11 per cent share of PEXA, which was the first vehicle established to enable electronic conveyancing. It currently runs a monopoly, but new players are coming into that marketplace. At the moment, Landgate is working with a new electronic lodgement organisation to join up and be able to transact off the Western Australian registry. It is likely that in the future there will be further competitors to PEXA in that marketplace, which will provide choice to people who are settling properties because they can choose which conveyancer they settle their property through.

Mr V.A. CATANIA: Can the minister guarantee that there will not be a massive increase for the consumer of the day through the PEXA sale or the commercialisation of the register? How can the minister guarantee that prices will not go through the roof?

Mr B.S. WYATT: We have guaranteed that with the price capping on the Landgate commercialisation. We are seeking two offers, if you like, with one capped at CPI and one capped at CPI plus one per cent. If there is any increased value, that is worth it. That is how we are regulating that.

Mr V.A. CATANIA: Over the 40 years?

Mr B.S. WYATT: Correct, whereas I expect PEXA's entry into the competitive environment of service delivery will probably provide better choice for organisations.

Mr D.C. NALDER: Is it that we have capitalised a lower cost platform in the sense that by going to an electronic platform we are looking to lower our cost base, because it is not such a manual process and fewer people are involved and it simplifies the process? We have gone to electronic conveyancing, which will ultimately reduce costs for administration, but instead of necessarily passing lower cost administration through to users of those services, we have kept the costs up and therefore capitalised that, which is what increases its value from a \$32 million investment, or whatever, to now making \$150 million or \$180 million out of it. Is that a fair assumption?

Extract from *Hansard*

[ASSEMBLY ESTIMATES COMMITTEE A — Wednesday, 22 May 2019]

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Mrs Liza Harvey; Mr Vincent Catania; Mr Ben Wyatt; Mr Dean Nalder

Mr B.S. WYATT: Bearing in mind the 11 per cent shareholding we had, to a certain extent we were a master of our own destiny in that regard. I think with PEXA—I do not know the names of the other entrants into this space, but there are others now—it provides the opportunity for organisations like Landgate to find other cost savings in their structures and pass those back.

Mrs L.M. HARVEY: With the commercialisation of Landgate, obviously the state government has spent a lot of money developing the intellectual property for the management of the registry. Presumably, as part of the sale, the IP has a value attached to it as well the data. Are we selling the intellectual property or just the data?

Mr B.S. WYATT: We are keeping the intellectual property; it is the data.

The appropriation was recommended.