

REVIEW OF THE LAND INFORMATION AUTHORITY ACT 2006

2017 REVIEW REPORT FOR THE MINISTER FOR LANDS

LOCKWOOD ADVISORY

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Contents

EXECUTIVE SUMMARY	2
PURPOSE OF THE REVIEW	3
TERMS OF REFERENCE	3
ENGAGING WITH STAKEHOLDERS.....	3
FINDINGS	4
EFFECTIVENESS OF OPERATIONS.....	6
NEED FOR THE CONTINUATION OF THE FUNCTIONS	19
CALCULATION OF REGULATED FEES	29
RECOMMENDATIONS.....	37
FOR CONSIDERATION BY GOVERNMENT.....	37
FOR CONSIDERATION BY LANDGATE EXECUTIVE.....	39
APPENDIX 1 – WALIA STEERING COMMITTEE	40
APPENDIX 2 – STAKEHOLDER CONSULTATION	41
APPENDIX 3 – THE FUTURE OF INDUSTRY.....	43
APPENDIX 4 – LANDGATE’S FUNCTIONS	46
APPENDIX 5 – CALCULATION OF REGULATED FEES.....	48
APPENDIX 6 – 2012 WALIA REVIEW RECOMMENDATIONS	51

Executive Summary

Landgate is the government agency responsible for Western Australia's land and property information. Since 1829, Landgate and its predecessor agencies have been responsible for developing and maintaining a secure land administration system for WA.

On 1 January 2007, the Western Australian Land Information Authority, a statutory authority with commercial powers trading as Landgate (the Authority), was established under its enabling legislation, the *Land Information Authority Act 2006* (the Act).

The Act enabled Landgate to continue to deliver core government services in land titling, land information and valuation. Importantly, it also empowered Landgate to develop systems to open up access to government data through initiatives such as its Shared Location Information Platform (SLIP), facilitating the social, environmental and economic development of the state.

In the first five years of operation as a statutory authority, Landgate focused on strengthening its governance consistent with its new charter and modernising its operations, while providing leadership within the public sector in relation to land information.

The first review of the Act in 2012 demonstrated the benefit of the statutory authority model over a departmental model, with Landgate showing improvement against all performance indicators (revenue, equity, profitability and productivity) and indicated that progress was being made in developing the commercial aspects of the business.

The 2012 review also noted the property market downturn and recommended that Landgate review its pricing framework to ensure the long-term financial sustainability of the organisation. Landgate has since enacted legislative change, facilitating more contemporary approaches to pricing and providing for the decoupling of revenue from property market cycles.

The new pricing framework has allowed Landgate to invest for the future, creating greater financial stability. Both the ability to determine fees by means other than cost recovery and efficiencies created as a result of significant business process changes, have led to a reduction in fixed costs by enabling Landgate to focus on core land information services and harness technology in the automation of their delivery.

In the context of a rapidly changing operating environment and the speed of technological change, the time is ripe for government to clearly define the value proposition of Landgate for the next five years. Parallel reviews into the Machinery of Government and Service Priorities have provided outcomes that support the findings of this review. Landgate is ideally placed to provide increased

value and return for government into the future. The findings and recommendations of this review are a guide as to how this can be achieved.

Purpose of the review

Under section 93 of the Act, the Minister for Lands is required to undertake a review of all matters relating to the operation and effectiveness of the *Land Information Authority Act 2006* (the Act) every five years.

Terms of reference

The Review must consider:

1. the effectiveness of the operations of Landgate
2. the need for the continuation of the functions of Landgate
3. pricing reform for Landgate's regulated fees and charges
4. other matters that may be relevant to the operation and effectiveness of the Act.

A Steering Committee, comprising the Reviewer and Landgate representatives, was established to provide oversight, guidance and strategic direction for the review. (See Appendix 1).

Engaging with stakeholders

Numerous industry stakeholders, customers, public sector entities and central government agencies were consulted during the review. A full list of the stakeholders consulted can be found at Appendix 2. Matters addressed through consultation included Landgate's operational performance, the effectiveness of the Act, the role of statutory offices and the pricing and taxing of products and services.

The review of the Act incorporated engagement with the Service Priority Review and Machinery of Government teams to seek alignment with the Western Australian Government's public sector reform priorities. Recommendations made in this review have been tested with both Machinery of Government and Service Priority Review teams.

Findings

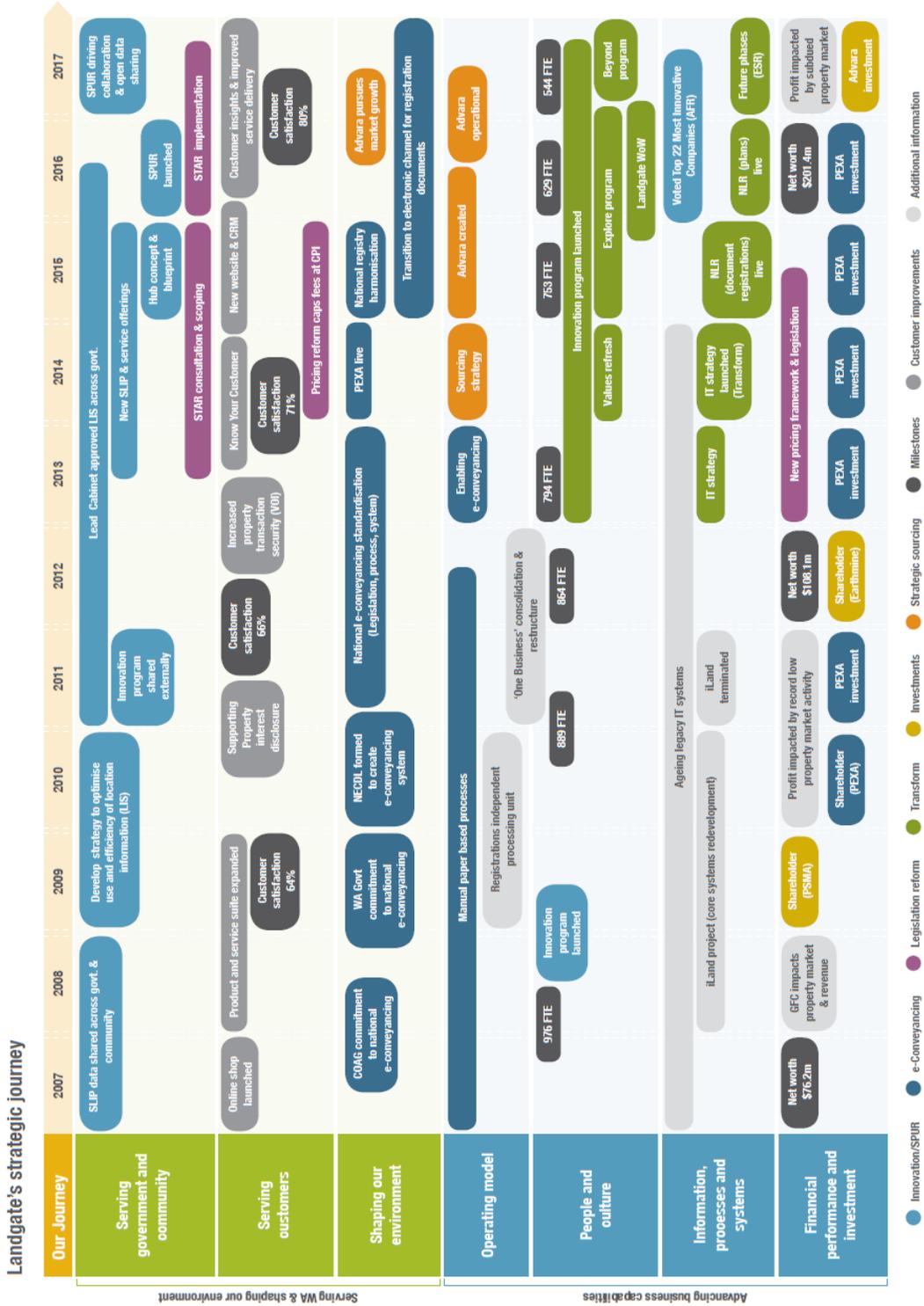
The review of Landgate's enabling legislation has resulted in the following key findings:

1. Landgate has been effective in its operations, delivering value to its customers and the state through provision of services relating to land information.
2. Landgate has effectively delivered these services against a backdrop of significant change in the property market, technological landscape, and the expectations of customers.
3. The value delivered by Landgate is evidenced by effective delivery of its core functions, financial sustainability, ability to adjust its structure to be more agile, expertise to identify and capitalise on opportunities, delivery of 'whole of government' services and positive impact on state finances.
4. The taxing provisions applicable to the setting of Landgate's regulated fees have enabled investment in products, services and ventures. These investments have seen a positive impact on the balance sheet of government.
5. The commercial approach taken by Landgate has reduced its fixed cost base and instilled a culture of efficiency and innovation through a cycle of continuous improvement and critical analysis of operations through a commercial lens.
6. Landgate has proven itself to be fiscally responsible by reducing costs, improving efficiency and pursuing responsible investment opportunities.
7. Landgate has demonstrated proficiency in facilitating and promoting efficiencies across government, linking the resources of other agencies to deliver value for the state.
8. Landgate's cross government leadership has been achieved through leveraging Landgate's skills and experience with respect to data science and information management in the aggregation, analysis and utilisation of government data.
9. Landgate is now well positioned with significant skill and experience in analysis and utilisation of data to deliver further value for the state government with respect to open data.
10. Landgate as an agency represents an opportunity for the state government to deliver whole of government services, harnessing the skills, resources and capabilities it already holds.

These findings will be explained in detail within this review report.

Context

Since becoming a statutory authority in 2007, Landgate has undergone a significant transformational journey. The below timeline provides a visual description of Landgate’s journey to date, providing strategic context to this review.



Serving WA & shaping our environment

Advancing business capabilities

Effectiveness of operations

Landgate has been effective in its operations, delivering value to its customers and the state through provision of services relating to land information.

Landgate's core business is the delivery of land information services on behalf of the state government. This includes maintenance of the state's land titles register, provision of land and property valuations to government, maintenance of the state-owned property asset portfolio and capture and maintenance of the state's geographic information. Through its Shared Location Information Platform (SLIP), Landgate provides access to datasets from across agencies, and leads collaboration and innovation across sectors to harness the value of location information for the benefit of the state.

Landgate continues to deliver these services effectively, and over the review period has demonstrated significant improvement in turnaround times for land registry actions and resolving customer queries, as well as a substantial increase in the number of land information datasets made available through SLIP.

Landgate's key effectiveness indicators, reported in the Annual Report, demonstrate the continued integrity of operations.

The average turnaround time for documents lodged in 2016/17 was 1.5 days, down from 2.5 days in 2015/16. This is largely due to process automation through the New Land Registry (NLR™) platform, which has enabled processing speeds of as little as 23 seconds and has reduced resources, costs and document backlogs. The new system has processed over 200,000 transactions and reduced the number of documents awaiting processing by 55%.

Automation has allowed Landgate to reduce employee numbers to 571 and more easily deal with peaks of business activity without the need to employ more staff. A reduction in employee levels has also contributed to a reduced fixed cost base and greater financial stability.

In 2016/17, 185 additional datasets were added to SLIP, resulting in 3,800 datasets for dissemination to state and local government agencies. Landgate has also been successful in its implementation of the WA Whole-of-Government Open Data Policy, enabling nearly 1000 datasets to be shared with the public and over 400 subscribed organisations.

During the same period, Landgate has enjoyed a good relationship with its customers, resolving 84% of customer queries at the first point of contact and receiving a 78% customer satisfaction rating.

While consultation with key customers during the review demonstrated some variability in the overall customer experience (see Service Delivery section), the integrity and quality of core services were held in high regard. Landgate's reputation as an effective provider and manager of land information remained strong across all customer segments.

Landgate continues to be a secure, trusted source of land information, with the maintenance of this information integral to the Torrens title system of land registration.

Recommendation 1: Role of Landgate

Landgate continues to fulfil its existing role in relation to land information.

Landgate has effectively delivered its services against a backdrop of significant change in the property market, technological landscape, and the expectations of customers.

Changes within Landgate's operating environment, as well as broader external factors, have presented both opportunities and challenges for Landgate over the review period.

Advances in technology and structural changes to the operating environment presented an opportunity for Landgate to implement systems targeting greater efficiency in the provision of core services and the ability to serve customers better.

The implementation of e-conveyancing in Australia has not only fundamentally changed the way that property transactions take place but has opened up commercial opportunities for Landgate, such as the development of the NLR™ platform and subsequent creation of a subsidiary, Advvara, to commercialise this service.

These opportunities have enabled Landgate to build on its strengths to deliver better product and service offerings to the WA community, while continuing to demonstrate leadership in the innovation sphere.

Looking to the future, the opportunities for Landgate to similarly leverage its capacity for innovation to take advantage of future technological advancements are substantial. An analysis of such technologies and their potential applications for industry are explored within Appendix 3.

While opportunities have been realised, the last five years have not been without challenges for Landgate.

A downturn in the property market has seen document lodgement and title search figures decline significantly. These activities have historically accounted for over 73% of Landgate’s customer revenue, and thus Landgate’s financial performance across these service areas has been substantially impacted.

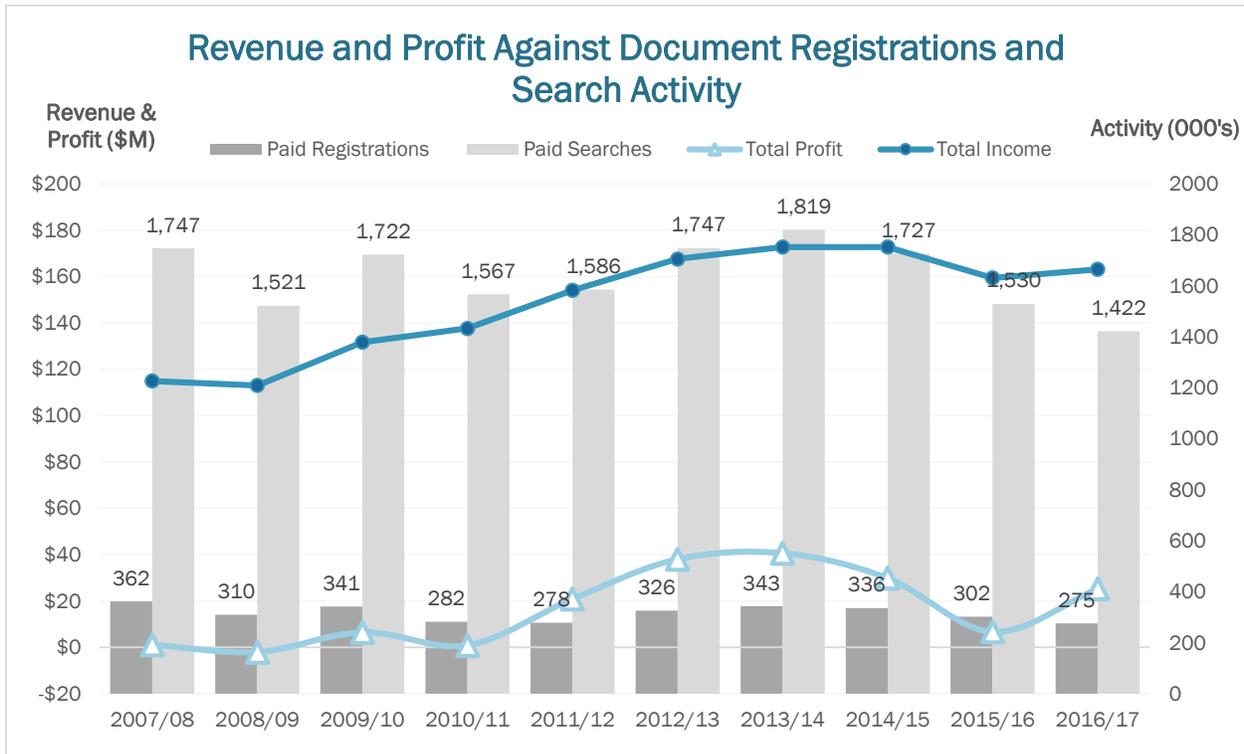


Figure 1: Actual Levels of Paid Searches and Document Lodgements 2007 - 2017

Property market volatility and increased automation of services created an opportunity for Landgate to realign its internal operating environment, better reflecting future demands and resource requirements.

‘Transform’, a strategic program of business improvement targeting greater operational efficiency, enabled Landgate to significantly reduce its fixed cost base through workforce reduction, automation of processes and adoption of technology. These reductions allowed Landgate to be more agile and improve the scalability of resources, leading to a more resilient operational model, capable of better managing external fluctuations.

Reduction of Landgate’s fixed cost base, coupled with an increase in the value of its assets, has resulted in a profit being returned despite the challenges of a volatile property market.

The value delivered by Landgate is evidenced by effective delivery of its core functions, financial sustainability, ability to adjust its structure to be more agile, expertise to identify and capitalise on opportunities, delivery of ‘whole of government’ services and positive impact on state finances.

Since July 2012, Landgate has performed strongly across all key financial measures. Comparisons with the previous review period (2007- 2012) demonstrate growth in revenue and before-tax profit, as well as improved asset value.

Despite 2016/17 activity levels being the lowest since 1991/92, total customer revenue grew by 38% over the review period, with regulated fees increasing just 4% over this period.

Expenses grew by only 11% during the same period or 8% if voluntary severance payments, which totalled \$23.9m (representing 247 employees), are excluded. While these payments were not insignificant, they represent a sound ‘investment’ in the financial viability of Landgate over the long term, enabling the organisation to realise significant salary savings in the future.

The total before-tax profit over the review periods improved from \$27.2m (2007/08 – 2011/12) to \$140.4m (2012/13 – 2016/17) on the back of significant technology and labour reforms.

This profit growth would not have been possible without the taxing provisions, which enabled fee stability, improved service delivery for customers and provided for the capture of resulting efficiency gains. Introduced through legislative changes in 2015, Landgate’s taxing provisions (discussed further in reference to regulated fees) have enabled certain fees to be determined on a basis other than cost recovery.

These changes resulted in Landgate delivering significant additional value to the state government and broader community over the review period. This value was returned to the community through:

- tax and dividend payments to government totalling \$78m
- self-funding of the asset investment program totalling \$32m (2015/16 – 16/17)
- investment in Property Exchange Australia (PEXA) totalling \$30m.

As shown in Figure 2, Net Assets have improved by 67% from \$130m to \$218m. Liquidity remains strong, despite the challenging economic times and employee leave liability has been effectively managed and reduced by 16%.

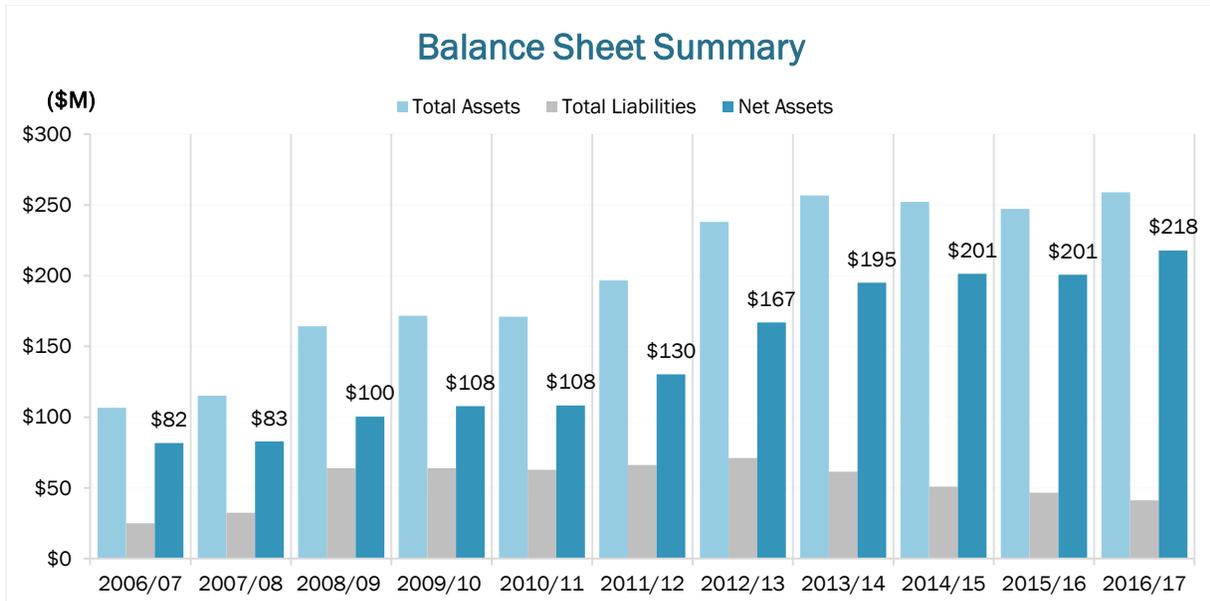


Figure 2: Balance Sheet Summary 2006/07 to 2016/17

Growth in asset value over the past five years has occurred due to increased investment, as well as an increase in the capital value of existing assets. As shown in Figure 3, between the financial years of 2015/16 and 2016/17, Landgate was able to invest a total of \$32m in its Asset Investment Program (AIP) from retained earnings, without the need for any capital appropriation. This was made possible as a result of efficiency gains delivered through Transform.

As highlighted in Figure 3 below, the capital funding contributed to the AIP since 2012/13 has declined significantly, with Landgate becoming self-sufficient over the last two years.

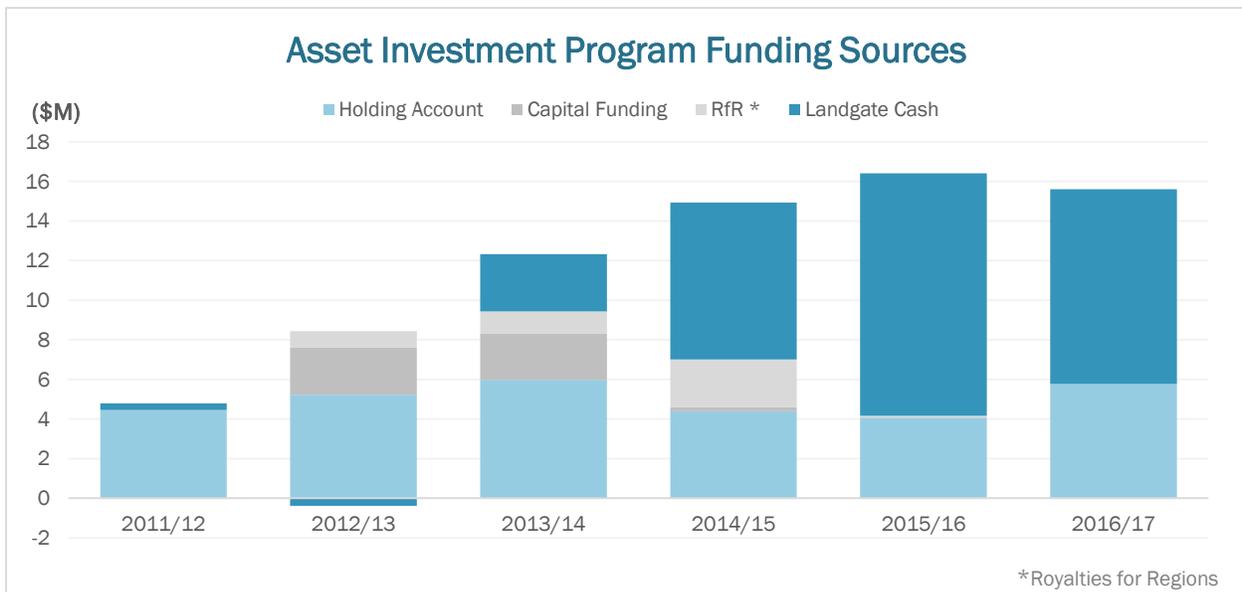


Figure 3: Asset Investment Funding Sources 2011/12 to 2016/17

Landgate’s reliance on government funding (for its non-commercial, community benefit activities) fell by 1%, now representing just 19% of total revenue, compared to 25% five years ago and is expected to drop to 17% within the next five years.

In addition to gaining self-sufficiency of its AIP, Landgate has continued to return significant funds to the state government. As well as providing a dividend to the state for the last four financial years, Landgate has also contributed returns to government by other means.

Funds paid to the state under the National Tax Equivalency Regime (NTER), as well as those returned through payroll tax, amounted to over \$10 million in 2016/17. Figure 4 below shows a breakdown of the contributions that Landgate makes to the WA State Government.

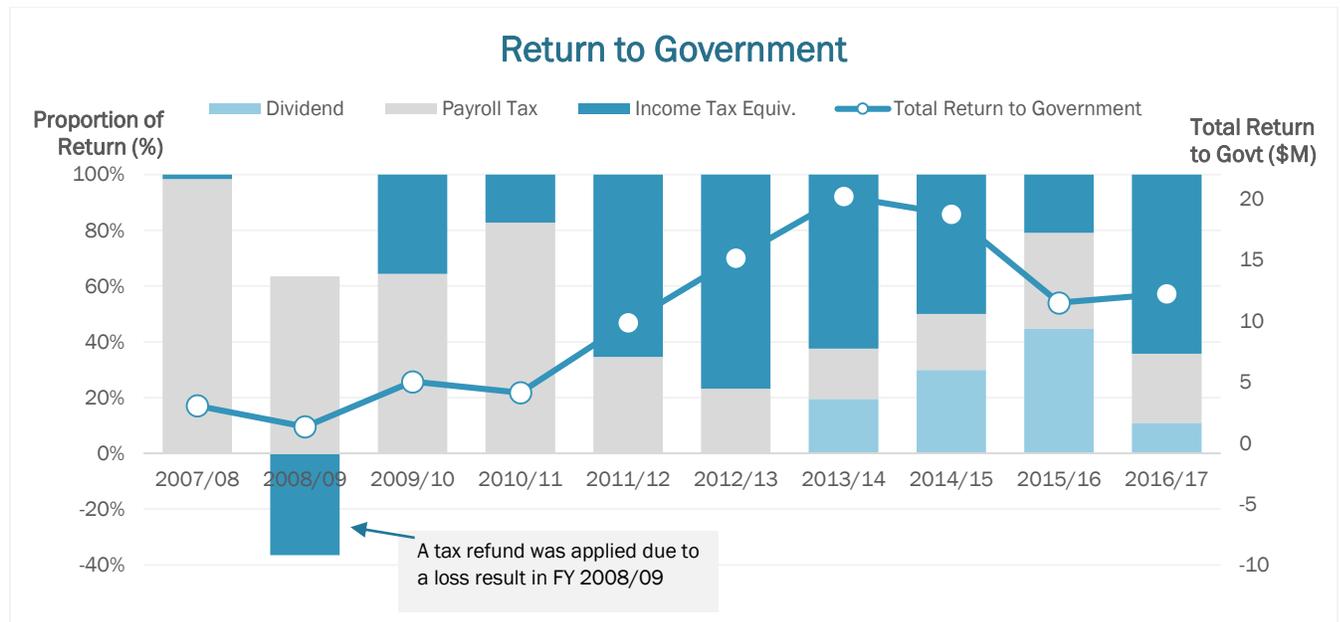


Figure 4: Return to Government 2007/08 to 2016/17

The benefit Landgate has enjoyed from its ongoing profitability has also positively impacted state finances. Landgate’s net profit result is directly reflected in the net operating balance of government, while surplus cash has reduced total public sector net debt.

Landgate has been at the forefront of change, working to deliver on the Council of Australian Government (COAG) initiative in implementing e-conveyancing in Western Australia. The advent of PEXA created an opportunity for Landgate to invest along with other state governments and major financial institutions, and Landgate’s engagement in the process reflected good public policy reform in the real property market.

Return on this investment in PEXA enabled the state to take advantage of digital disruption opportunities by exploring the concept of a NLR™ service.

Landgate invested in the ‘green-field’ development of this scalable, cloud based, multi-tenanted land registry platform. The platform development was structured as a progressive build with releases implementing increasing functionality to continuously deliver business improvement.

Landgate then sought independent financial and taxation advice to identify and assess the commercialisation options. A subsidiary now known as ‘Advara’ was created in partnership with Ajilon Australia’s parent company, Adecco Group, to commercialise the technology developed to deliver land registry services.

Advara provides IT services to Landgate and is a technology provider to the consortium awarded the contract for supply of land registry services in New South Wales.

This review notes that Landgate stakeholders were aware of the commercial pursuits of the organisation, and commented on the need for ongoing transparency when a government agency, such as Landgate, enters the commercial market. The recent creation of PEXA and Advara raised questions about the role of government as a regulator of the market, as well as being a market participant. Stakeholders understood the role that government plays in the creation of a new market, however they felt government should step away from that role shortly afterwards, allowing the private sector to compete.

The commercial approach taken by Landgate has reduced its fixed cost base and instilled a culture of efficiency and innovation through a cycle of continuous improvement and critical analysis of operations through a commercial lens.

Landgate instigated a five-year program of business transformation in 2014 to become a leaner, more agile, customer-focused and digitally enabled business to better meet the future needs of its customers, community and shareholder, the State of Western Australia.

Landgate’s significant and proactive program of reforms has enabled the organisation to achieve a more flexible cost base, which was needed in order to cope with its fluctuating revenue streams from the variable property market.

Focusing on people, process and technology, the business improvement program has delivered the following key benefits so far:

- significantly decreased operating costs due to workforce reductions (refer Figure 5)

- optimised performance by standardising and automating outdated manual processes to make them less resource intensive
- improved customer experience (while decreasing the workforce size): customer satisfaction increased to 81% (Dec 2016) from 74% (Feb 2014) and customer response times improved: 97% of calls are answered by Landgate’s Midland Customer Contact Centre within 60 seconds
- creation of a high-performance culture through implementing the Landgate ‘Way of Working’ program
- increased people management capability evidenced in the 2016 engagement survey responses to “My immediate supervisor / manager does a great job at people management”, scoring at +5.3% above IBM AU norm, a benchmark used by IBM to compare organisations within Australia.

Figure 5 outlines the significant progress that Landgate has made in reducing its workforce from an average 887 Full Time Equivalent (FTE) employees during 2006/07 to 599 FTEs in 2016/17 – a 32% reduction.

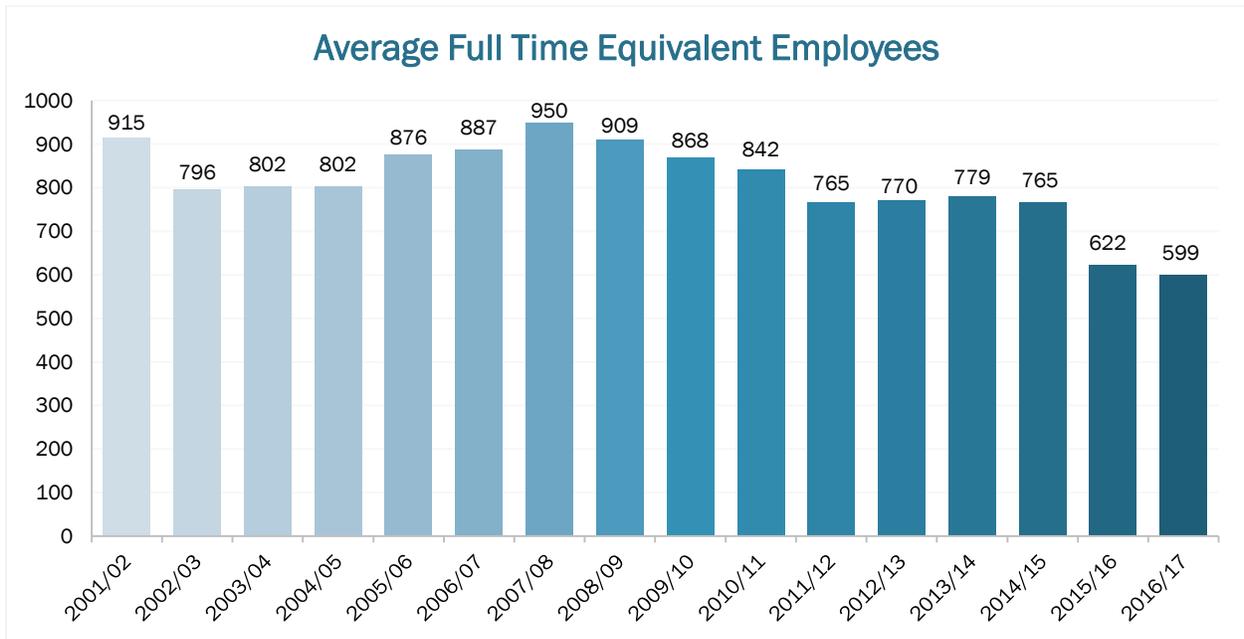


Figure 5: Average Full Time Equivalent Employee Numbers 2001/02 to 2016/17

The substantial ongoing labour savings from these reforms has significantly enhanced the value proposition of Landgate and particularly the land registry function. To a large extent, this value depends on the continued stability of the approach to regulated fee setting.

Continuation of the taxing provisions will enable the value of these savings to be retained and provided back to the community via increased tax and dividend payments to government and reinvestment into the business to upgrade asset infrastructure that will further improve service delivery to customers.

Landgate has proven itself to be fiscally responsible by reducing costs, improving efficiency and pursuing responsible investment opportunities.

Landgate’s business transformation has been achieved at a time when the Western Australian property market is at its lowest point in two decades. Right-sizing, making significant changes to management, business processes and technology has enabled Landgate to automate its key registration functions, setting Landgate up to work more efficiently with less human intervention.

The overall reduction of Landgate’s fixed cost profile delivered recurrent savings and supported a continued profit, despite declining revenues from the subdued property market, reducing reliance on additional appropriated funding.

Figure 6 below provides an overview of Landgate’s profit and loss over time. In reference to the decline in key service activity levels, had it not been for the reform actions and the introduction of the taxing provisions, the impact to operating result and subsequent reliance on state finances would have been considerable.

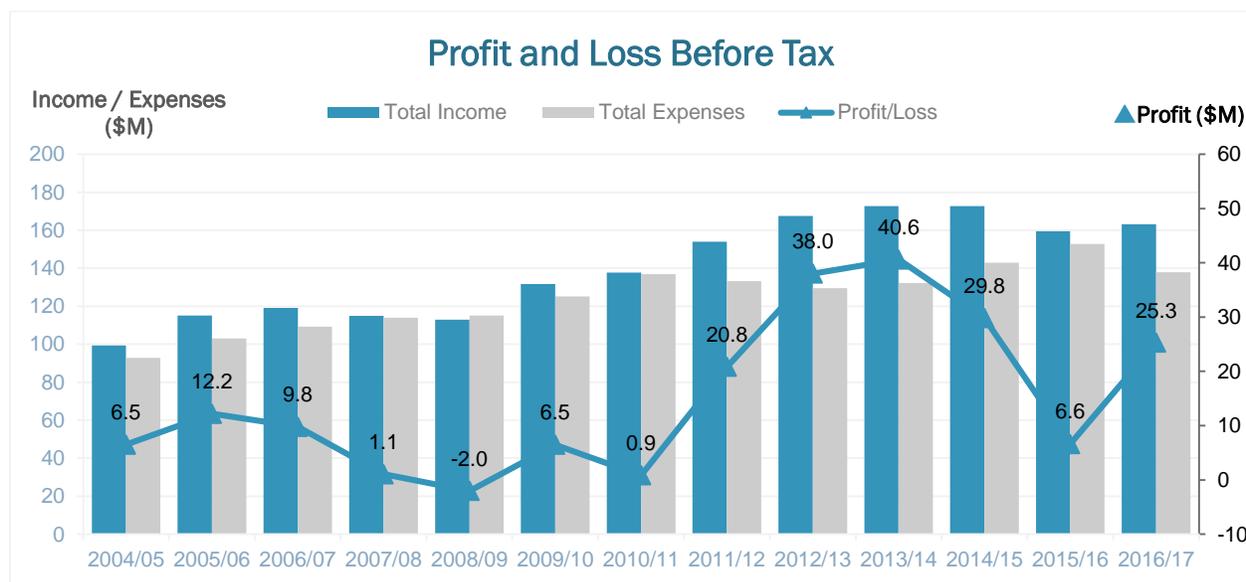


Figure 6: Profit and Loss (before tax) for 2004/05 to 2016/17

While the above graph demonstrates an increase in total expenses between 2013/14 and 2016/17, it does not reflect the composition of Landgate’s expenditure. Figure 7 demonstrates reduced

expenditure across fixed ongoing cost types such as ‘employee benefits’, while services and voluntary severance payments make up a significant portion of total expenditure.

Reduced fixed costs facilitate greater savings over the longer term, enabling Landgate to scale operations up and down to meet demand. The cost of reducing Landgate’s full employee base has not been insignificant, with the cost of voluntary severances illustrated below.

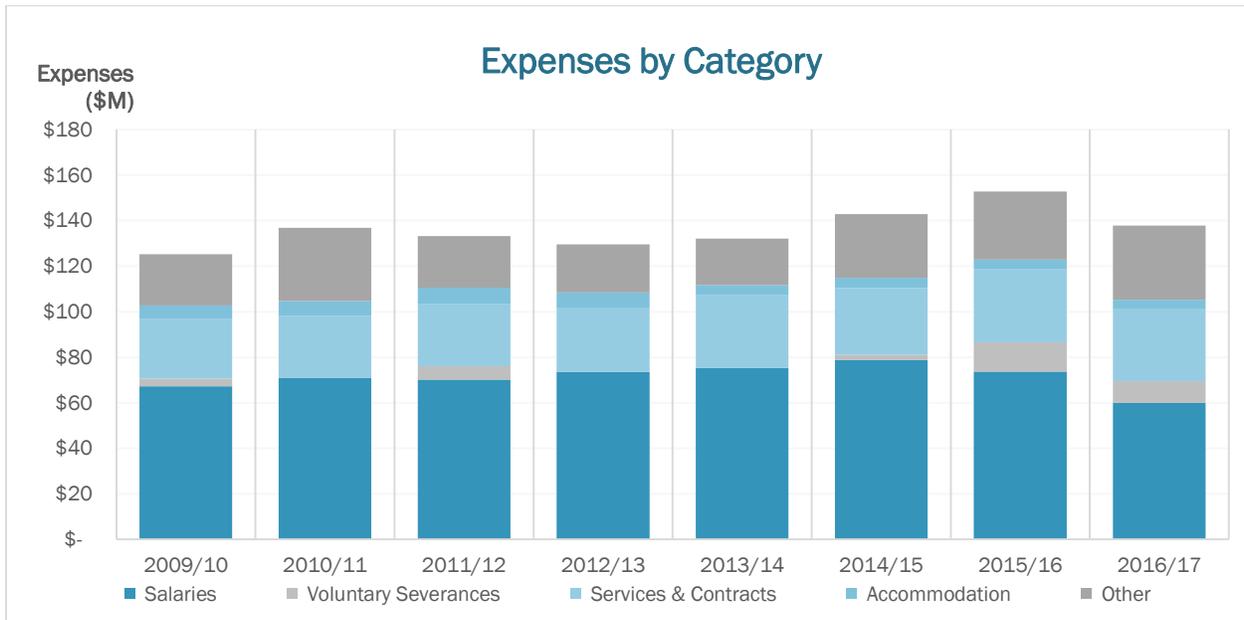


Figure 7: Expenses by Category 2009/10 to 2016/17

Landgate has demonstrated proficiency in facilitating and promoting efficiencies across government, linking the resources of other agencies to deliver value for the state.

Nationally, as well as at a state level, there has been an increased focus on the economic value of public sector data.

Landgate’s location datasets support WA’s \$1.3 trillion property market - the financial bedrock sustaining investment and economic growth of the state.

Today, Landgate shares 3,800 datasets between 40 agencies and 140 local government agencies via SLIP. These datasets constitute a substantial proportion of critical state data infrastructure.

Collaboration between agencies that use SLIP has resulted in significant efficiencies and cost savings. Since 2013/14, several agencies have taken up SLIP services for the first time, including Landcorp, Metropolitan Redevelopment Authority, Department of Planning, Lands and Heritage and Department of Jobs, Tourism, Science and Innovation. These agencies have avoided costs for spatial technology platforms, which otherwise cost between \$150,000 and \$300,000 per year to license

per agency. Across these four organisations, a conservative estimate of costs avoided through this approach since 2013 is \$2 million.

SLIP in focus: *The software available to spatially enable businesses is often complex and aimed at specialist users. As a result, this software is underutilised and many potential benefits go unrealised.*

In 2013, Landgate began working with public and private sector users of its Shared Location Information Platform (SLIP) data to deliver spatial applications for non-specialist users. These applications now provide information in a very simple form to a wide range of users, without the need for specialist resources to interpret data or maintain the application.

Data is updated automatically from hundreds of sources across the public sector through SLIP, avoiding the costs associated with each organisation having to source and manage this data. The net avoided cost per customer is conservatively estimated at \$120,000 per annum.

Landgate has also successfully used the capability of SLIP to deliver value to the state in relation to South West Native Title Settlements (SWNTS). Collaboration between Department of Lands, Department of Mines, Industry Regulation and Safety, South West Aboriginal Land and Sea Council and Landgate resulted in Landgate's SLIP providing an authoritative up-to-date view of all relevant tenure, cadastre and other contextual location information required to identify and negotiate suitable parcels of land subject to the SWNTS agreement.

An overall efficiency of at least \$4.8 million (verified by Dept. Lands and Landgate) has been realised since 2014-15 through avoiding duplication of system costs and automation of tasks that enable staff to focus on core business, rather than sourcing, assembling and managing data.

The support of Landgate for the Location Information Strategy for WA, in collaboration with other agencies and the private sector, resulted in State Cabinet endorsement of a significant new investment of \$25 million between 2012 and 2016 to enhance access to location information. Through this investment, the number of WA public sector agencies using services from the SLIP will continue to expand and enjoy the benefits of avoiding the costs of duplicating systems and data between agencies.

Landgate also coordinates the WA Whole-of-Government Open Data Policy, which, in support of the Location Information Strategy, recognises the economic importance of data and aims to 'improve

management and use of the public sector's data assets in order to deliver value and benefits for all Western Australians'.

The WA open data service – data.wa.gov.au – makes public sector data more easily discoverable and accessible by the whole WA community, rather than being limited to specialist users within the public sector. Collaborating with around 80 organisations (including 45 state and local government agencies), Landgate's location and technology hub, SPUR, has enabled nearly 1000 datasets to be shared with the public and over 400 subscribed organisations.

Case Study: Aboriginal Affairs Coordinating Committee (AACC)

The AACC coordinates the activities of all persons and bodies that provide services and assistance in relation to persons of Aboriginal descent. The open data platform has been used by the AACC to share a wide range of data, some of which is sensitive. The platform has enabled sharing of datasets, while allowing agency custodians to maintain control over access.

The AACC develops strategic policy responses to identify appropriate solutions and makes decisions to resolve long-standing systemic issues that prevent progress of better outcomes for Aboriginal people. The effective coordination and sharing of data from various agencies across government is therefore fundamental to the work of the AACC.

The AACC avoided the costs of setting up and managing a separate data warehouse by leveraging the state's existing investment in data.wa.gov.au and SLIP, in turn enabling these agencies to focus resources on core business.

Landgate also has an active role in the development and progress of significant policy reform on behalf of the state government.

The work undertaken by Landgate in progressing the Strata Titles Act Reforms (STAR) has been recognised by government and industry stakeholders as a collaborative process that will drive key outcomes in the broad context of the state government's policy agenda. Landgate's understanding of the strata title system was seen as critical to the success of the engagement process.

Stakeholder feedback about Landgate's stewardship of the STAR process was that Landgate did an exceptional job progressing key reforms, with a comprehensive stakeholder engagement program effectively linking the policy intent with legislative outcomes.

Landgate has also taken carriage of significant legislative and policy reform in other areas, including the progress of *Transfer of Land Act 1893* regulation amendments in support of the COAG

e-conveyancing initiative, as well as legislative reform to give effect to an intergovernmental agreement for data capture on behalf of the Australian Taxation Office.

The role of Landgate in relation to policy was somewhat unclear among stakeholders. This review notes that during the stakeholder consultation, it was established that the role of Landgate and the breadth of its statutory responsibilities was not apparent. There was also confusion about the delineation between the Department of Lands and Landgate and also the policy role of the Department of Planning.

Concerns were also expressed about who was providing policy advice to government in relation to data management and managing future trends in land and spatial information. There was a view by some stakeholders that this advice used to be provided efficiently through the partnership of agencies known as WALIS but that this was no longer the case. The Western Australian Land Information Systems (WALIS) office operates from Landgate and has done so since its inception in 1981.

Landgate's cross government leadership has been achieved through leveraging Landgate's skills and experience with respect to data science and information management, in the aggregation, analysis and utilisation of government data.

Landgate has significant experience and capability in the collection and delivery of services across government. SPUR promotes collaboration across government and manages programs that ensure real savings and efficiencies are achieved, including the WALIS partnership of agencies and the CaptureWA Program.

The data sharing capabilities enabled by Landgate, in collaboration with others, are flexible and allow data custodians to maintain control over the data they create and curate. Data can be made available publicly at no cost, for a fee where appropriate, or secured for access between certain organisations and/or individuals where data is more sensitive in accordance with the WA Whole-of-Government Open Data Policy.

Listed below are broad examples of where data can and is being used by government to make informed decisions regarding the prioritisation of state finances, assets and resources:

- State water, electricity, rail, road and IT infrastructure
- economic development
- emergency and health services

- urban planning (state and local level)
- social services
- climate change.

Landgate has for some years used a mix of internal and outsourced IT services to manage information services to customers. This experience has matured sufficiently to achieve a successful public private partnership through Advara (78% Landgate owned), which delivers IT services to Landgate.

The Advara arrangement gives Landgate access to resources that are suitably skilled, complementing public sector management expertise at Landgate.

Government policy around data management and future thinking has been enhanced through Landgate's support of WALIS, and through Landgate's work with a broader range of agencies and private sector businesses through SPUR.

SPUR was established to deliver greater economic and social benefits for the state, including reducing the cost of doing business for government and industry, improving government service delivery for its citizens and creating a stronger local economy through support of new business enterprises.

While Landgate has been effective in linking data resources across government, coordination of these resources has not been without its challenges. The interim report of the Service Priority Review noted similar challenges in the sharing of information within and between other state and commonwealth government agencies, and this has been compounded in WA as it is the only Australian jurisdiction without specific legislation dealing with data sharing or information privacy.

Further discussion of these challenges and the interim findings of the Service Priority Review are included in reference to future opportunities.

Need for the continuation of the functions

Landgate has demonstrated that it is a capable and responsive statutory authority, able to successfully carry out its functions, as defined in section 9 of the Act (extract in Appendix 4).

By carrying out these functions, Landgate has achieved its dual objectives of (a) performing land information functions on behalf of the state and (b) generating a fair commercial return from goods and services.

Landgate should therefore continue to perform the functions prescribed in the Act.

The review has found however that there is now an opportunity for Landgate to utilise its demonstrated strengths to step into a more formal role for the state with respect to open data.

Landgate is now well positioned to deliver further value for the state government with respect to open data.

Landgate has demonstrated its strengths in the management, analysis and utilisation of data through its implementation of the Open Data Policy and the effective management of projects such as SLIP, Capture WA and South West Native Title Settlements.

At the time of undertaking this review, an independent review into the functions, operations and culture of the Western Australian public sector is taking place, with the aim of driving reform of service delivery, accountability and efficiency.

In August 2017, the interim report of the Service Priority Review was released, exploring four directions for reform that will be further developed in the final report to state government. These include:

- building a public sector focused on community needs
- enabling the public sector to do its job better
- reshaping and strengthening the public sector workforce
- strengthening leadership across government.

The interim report highlighted a number of key areas of opportunity for Landgate to address these directions for reform. The areas in which Landgate's can add significant value for the state government, include:

Shared Data

The proposed development of data sharing legislation provides the opportunity to formalise Landgate's existing role as the agency leading implementation of the WA Government's Open Data Policy.

A clear legislative mandate for delivery of these services, as well as supporting frameworks outlining the roles and responsibilities of agencies with respect to data, will enable Landgate to collaborate with others to build on successes achieved in relation to open data.

Digital Service Delivery

The interim report notes opportunities to harness technology to transform transactional service design and delivery. Landgate's experience in the design and delivery of systems to enable e-conveyancing and streamline property transactions present an opportunity to draw upon lessons learnt in the process.

Cultural Change

In reference to barriers to digital transformation, the Service Priority Review interim report notes the need for 'major cultural shift requiring transformative leadership and comprehensive upskilling, including openness to using relevant skills from the private sector to implement the required changes.'

Landgate's cultural change journey has focused on improving leadership capability, encouraging behaviours and creating the environment needed to build a high performance culture. Initiatives have included implementing a 'Landgate Way of Working' model, conducting a Landgate Way of Working survey to measure employee engagement and improving recruitment practices to include values fit. People management and leadership capability has been developed through the 'Explore' people management program and the 'Beyond' program for the senior leadership group.

Landgate's transformational journey over the last few years has delivered significant learnings and successes. There is an opportunity to share this experience and lessons learnt with other agencies that seek to implement similar reforms. Evidence around this experience has been provided to the Service Priority Review. Landgate's journey of transformation was also favourably represented in a case study published by Princeton University entitled '*Embracing Disruption: Transforming Western Australia's Land Agency, 2007 - 2017*'.

The interim report also highlights the role and importance of culture in fostering innovation and promoting collaborative approaches to service delivery, stating that 'a collaborative approach to service delivery and design will require a different approach to leadership at agency level'.

Landgate has imbedded continuous improvement within its systems since its inception, and delivered it through Transform, enabling the agency to remain agile in its service delivery and maintain a focus on the customer. The cultural change journey and approach taken to innovation has made Landgate an international example of best practice, with Landgate now in a position to share its experience and capabilities in this area to improve service delivery and collaboration across government.

Landgate as an agency represents an opportunity for the state government to deliver whole of government services, harnessing the skills, resources and capabilities it already holds.

As the Western Australian population grows and the cost of providing appropriate infrastructure and services gets harder to manage, spatial information will be a critical input into effective decision-making.

Being able to model the effect of various investment decisions and understand the impact of megatrends like digital disruption will be an essential skillset and a new form of infrastructure in this fast changing world. This is a skill that government needs at its disposal to understand and adapt to global economic trends and local community expectations. Done well, this skill provides measurable savings to the government in the form of avoided duplication and maximum efficiency of existing infrastructure and services.

The Service Priority Review interim report makes a number of references to the need for an improved approach to data across government.

To deliver on these opportunities, the interim report proposes data sharing legislation be developed to provide a framework that 'actively supports maximising the value to the community of data held by the State Government.' The report also recommends careful consideration be given to selecting the appropriate agency responsible for the new legislation, with a need to ensure it has the necessary skills in data science and information management required across the sector to leverage benefits for the state.

As the lead agency responsible for implementing the state government's Open Data Policy, Landgate has significant experience and capability in the collection and delivery of services across government. Having data as a core part of its business, Landgate also has a strong reputation as a trusted source of quality data used extensively across the public and private sectors. Significant costs to government could be avoided by leveraging this experience and existing capability rather than duplicating or re-building that capability elsewhere.

Key stakeholders consulted as part of the WALIA review supported Landgate being the central hub for data across government, however were of the view that Landgate was not currently taking ownership in this space. Landgate acknowledges this point and envisages there will be ongoing consultation with stakeholders regarding how to further leverage open data opportunities to meet the state's requirements.

In reference to the delivery of services across government, the Service Priority Review acknowledges 'one of the factors that can lead to inconsistent approaches is a lack of mandate for agencies for particular functions, making it difficult for agencies to achieve leadership traction or ensure compliance with good practice'.

This is true of the Landgate experience, with various challenges experienced in the coordination of cross government data. The issue with cross government projects like SLIP is the fact that government agencies may or may not choose to participate. A lack of participation erodes the value that can be created through the shared platform and encourages duplication and associated deficiencies.

Other challenges include the lack of clarity among agency stakeholders in terms of the privacy requirements applicable to data and the quality or format of data needed to share data publicly. With legislative change to make it mandatory to share data, Landgate could assist agencies to not only release the data, but also to find the value in the data, unlocking and disseminating data to stimulate the WA economy.

A clear legislative mandate for the delivery of cross government services with respect to data will allow Landgate to build on the achievements noted to date.

Recommendation 2: Whole of government data

Landgate be appropriately empowered and resourced to provide intergovernmental services and deliver on whole-of-government objectives with respect to data. A clear, consistent legislative framework for data sharing should be established that:

- provides a mandate for Landgate to lead the implementation of the WA Whole-of-Government Open Data Policy through collaboration with other agencies
- requires data sharing between agencies
- delivers a more nuanced approach to relationships between agencies, providing greater value across government
- considers the cost of providing, maintaining and sourcing data, as well as appropriate funding mechanisms to ensure the currency and quality of that data.

The Service Priority Review notes the effective implementation of digital service delivery will require a major cultural shift and an openness to using relevant skills from the private sector to implement the required changes.

Landgate has significant experience partnering with the private sector, using digital technologies to develop and deliver service solutions, as evidenced through the success of Advvara and work undertaken through SPUR to engage the private sector and community.

There are also opportunities for Landgate to play a whole of government role in relation to policy.

Landgate has the insight and capacity to undertake policy projects on behalf of government, evidenced by the success of STAR, progress of the COAG e-conveyancing initiative and the ATO data capture project.

Some of the examples of areas in which Landgate can add value for the state in delivering whole of government policy functions, include:

- working with the Office of the Government Chief Information Officer (GCIO) to develop an effective policy framework for data sharing
- leveraging collated data to develop cross government reporting metrics, in accordance with a finding of the Service Priority Review in its interim report (August 2017)
- taking a proactive approach to policy development, combining its successes in innovation and policy capability to enable and facilitate uptake of emerging technologies
- developing appropriate legislative and policy frameworks in relation to privacy of data and the management of intellectual property
- utilising and further developing Landgate location data to support significant state and federal government infrastructure projects, such as those associated with Metronet and Westport.

Recommendation 3: Whole of government policy role

The opportunities to utilise Landgate in the progress and development of significant state government policy projects within the Planning, Transport and Lands portfolio be further investigated.

Future Directions

Landgate has identified opportunities to continue to lead by example within the data space in the future, which would complement a whole of government policy role and drive further efficiencies.

In the 2018 - 2023 period, Landgate's goal is to deliver its core services better and support government reform, economic development and business growth, while delivering strong financial returns.

In the development of its 2018 – 2023 Strategic Development Plan, Landgate's specifically plans to:

- deliver trusted location data that supports the management and development of the state of WA
- collaborate across government and use data insights to create efficiencies
- provide access to data that helps businesses grow and stimulates the economy
- deliver legislative reform and data that supports infrastructure development
- provide land titling services that secure the property rights of the community in a digital economy
- provide a valuation service that meets the needs of customers
- use performance data and business acumen to improve cost effectiveness and profitability
- derive value from its investments
- find new investment opportunities.

Examples of the planned initiatives include working with government to link and integrate data that helps deliver essential services, providing access to integrated location data to support decision making and eliminating duplication of effort by assisting agencies to make more public sector data discoverable and re-useable as required under the Open Data Policy.

Recommendation 4: Functions of Landgate

Landgate continues to perform functions as established under Part 3 of the Act. The scope of functions under section 9 may need to be expanded should Landgate's future role in relation to data include information not considered to be 'land information' (refer data recommendation). Similarly, section 9(8) may need to be amended should Landgate's future policy role extend to matters not considered to be 'land information functions' (refer policy recommendation).

Labour Model

Landgate has largely been able to perform its functions effectively within its current labour model. The review notes however that there are some grey areas in terms of employee management within the Act that need to be clarified. For example, due to the way that the Act is written, Landgate cannot access certain disciplinary actions under the *Public Sector Management Act 1994* (PSMA) which were readily available when Landgate was a department. While not a significant issue due to the cultural transformation, greater flexibility in this area would benefit Landgate in the future.

Landgate is only able to use the ‘substandard performance and disciplinary’ provisions of Part 5 of the PSMA with respect to Senior Executive Service Officers (SES) within Landgate. The legal avenues through which Landgate is able to carry out substandard performance or disciplinary actions for other employees falls to other industrial instruments. The consequence is there are only a limited range of remedial actions available to the employer to address substandard performance or disciplinary matters.

Recommendation 5: Labour Model

The Act be amended to provide Landgate with greater access to the ‘substandard performance and disciplinary’ provisions of the *Public Sector Management Act 1994*.

Statutory Offices

A number of statutory offices, established under various long-standing subordinate statutes, are embedded within Landgate and make up the core functions of the organisation. Sitting throughout the business, the Commissioner of Titles, Deputy Commissioner of Titles, Registrar of Titles, Valuer General and Surveyor General have varying powers and levels of influence on Landgate’s day-to-day operations. The statutory offices and their associated legislation are listed below:

- Commissioner of Titles, *Transfer of Land Act 1893*
- Registrar of Titles, *Transfer of Land Act 1893*
- Valuer General, *Valuation of Land Act 1978*
- Surveyor General, *Land Administration Act 1997*.

As Landgate’s operations have evolved, the way in which Landgate’s core functions have been carried out has changed, which in turn impacts the role of the statutory offices and their relationship with the Landgate business. The roles however appear to be working satisfactorily and while it is

noted in other jurisdictions that some roles have been combined or moved to a regulatory body for ensured independence, there is no overwhelming argument to support such a change. The officers are able to maintain their independence from executive management within the current structure.

For a small group of stakeholders, there was a benefit in creating a new regulatory body to house the statutory offices to afford them increased independence and autonomy. Most stakeholders, however, held the view that the efficiencies gained from the statutory offices working within the service delivery teams outweighed any perception of a lack of independence.

The role of these statutory offices needs to be considered in the context of Landgate's opportunities and future strategic direction.

Recommendation 6: Statutory Offices

Statutory officers continue to perform their existing functions within Landgate.

Service Delivery

Landgate serves a wide range of customers. From its legislative responsibility to provide data and services to government agencies, to being the custodian of the Torrens system and the host of government data for public and commercial use.

Attempting to meet the needs of such a large and diverse set of customers is a difficult task. Landgate's business improvement program, Transform, has streamlined and optimised systems and processes in an effort to meet the needs of its customers in a more efficient and sustainable way. The feedback received from stakeholders throughout this review demonstrates the changing approach of Landgate and the reaction to those changes.

Landgate is perceived by local and national stakeholders as being an innovative, market leading organisation in the spatial data industry. Comment was made about the speed of change within the industry and the dynamic way Landgate continues to respond. Stakeholders were aware of the fact that implementation of the business improvement program was still a work in progress and understood that some of their observations may have been as a result of the large amount of change that has taken place in the organisation in a short timeframe.

Stakeholders were complimentary of Landgate proactively seeking improvements in systems and processes and moving to increased automation. Many comments were made about the excellent customer service and relationships that existed with Landgate employees in the past. Some stakeholders lamented the departure of individuals who had a history of their needs and there was a

perception that staff reductions had resulted in a loss of corporate knowledge.

The review notes that where customers could previously deal directly with an individual, streamlining of processes now results in queries being dealt with through a call centre. Stakeholders observed where their query was 'non-standard,' it took longer to have their matter resolved than it did previously. Turnaround times for 'standard' queries were perceived to be dealt with more efficiently.

The reliance on specific individuals to resolve customer enquiries posed a risk to Landgate as those individuals neared retirement.

Recommendation 7: Service Delivery

Continue to make it simpler and easier for customers to get what they need from Landgate, with a focus on well-designed, on-line services for the emerging electronic property market, as well as providing effective personal service to those with limited access to technology.

The transformation journey has accelerated the automation of services provided by Landgate. A reduction in personalised service and the increase in process automation noted by some customers has led to the view that the cost to serve has decreased. There is a lack of understanding about how Landgate's fees and charges are determined and how they will change over time. There is also a view that there is a lack of transparency about the way Landgate prices its products and services and what proportion of revenue goes to maintain and upgrade systems and what proportion is returned to government as a dividend.

Some customers were of the view that while standard transactions were now dealt with much more efficiently, there was no consistency in timeframes, with some matters being processed very quickly whilst others took much longer than they used to, without any certainty as to the timing of resolution. For example, one stakeholder quoted 5-6 weeks as a standard timeframe within which to receive a title. Now a title may be issued almost immediately, whilst other examples were in the order of 10-12 weeks.

Customers that previously were serviced by an account manager viewed the relationship and customer service standard of that relationship as having deteriorated in the recent past. They were of the view that customer service managers used to be proactive but now are seen as reactive.

Account Managers are being repositioned as part of an overall Customer Strategy to focus on proactive relationship management, solution development and collaboration across industry and

government. This is a change which is yet to be implemented and would therefore would not be visible to stakeholders.

The experience of the customer is an important indicator of the effectiveness of an organisation and Landgate continually collects data to assess its delivery of products and services to customers.

Recommendation 8: Customer relationships

Continue to focus on customer relationship management and re-engage with customers on Landgate's new Way of Working.

Calculation of regulated fees

The taxing provisions applicable to the setting of Landgate's regulated fees have enabled investment in products, services and ventures. These investments have seen a positive impact on the balance sheet of government.

During the 2012 review of the Act, pricing of products and services was identified as a significant issue, impacting 'performance, financial sustainability and organisational efficiency.'

Subsequently, Landgate progressed new legislation to enable regulated fees to be set in exceedance of cost recovery. The enactment of the *Land Legislation Amendment (Taxing) Act 2015* and *Land Legislation Amendment Act 2015* saw the introduction of taxing provisions, which have since provided for greater sustainability of Landgate's revenue streams.

Regulated fees make up a substantial portion of Landgate's total revenue base, as demonstrated by Figure 8. Under the previous cost recovery mechanism, this revenue was highly susceptible to the changing conditions of the broader property market due to the transactional nature of regulated services.

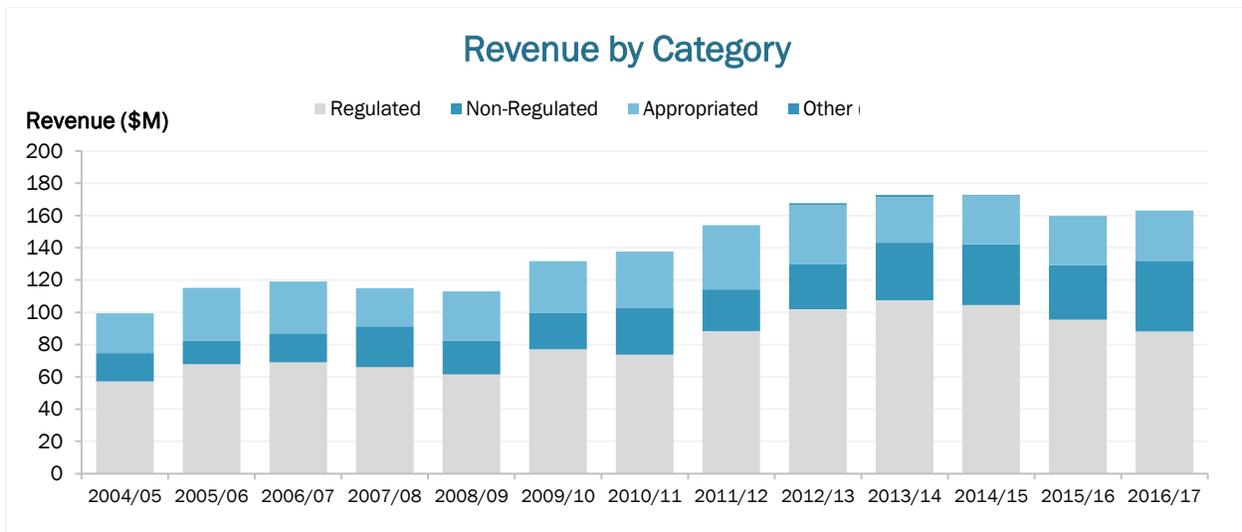


Figure 8: Landgate Revenue by Category 2004/05 to 2016/17.

The value that the taxing provisions have delivered is not limited to the amount of funds collected in exceedance of cost recovery. The decoupling of regulated fees from cost has helped facilitate a number of changes to Landgate’s approach in recent years, with exponential benefits to the state. These changes have included:

- an increasingly commercial approach to operations, resulting in improved efficiency and a reduction in fixed costs
- increased capacity for investment as a result of reduced costs and greater profitability
- a reduced reliance on state funding for capital investment, as well as an increased ability to deliver returns to government
- the ability to effect a positive impact on the balance sheet of government through increased asset values as a result of investment.

Therefore, as a result of the taxing provisions, Landgate has been more resilient to fluctuations in the property market. Efficiencies produced through business improvement have enabled Landgate to retain and reinvest savings, delivering significant benefits to the state.

These benefits are not only financial, with Landgate delivering significant community benefit to the state through non-commercial activities. These activities include the progress of significant policy reforms such as STAR, data services provided at no or limited cost and support provided to new business enterprises. Many of the cross government efficiencies delivered through SPUR are also the result of extensive research and development, with no direct commercial benefit.

The ability of Landgate to deliver increasing benefit to the state, while reducing its reliance on government funding (refer Figure 3) and enduring challenging market conditions, is testament to the positive impact the taxing provisions have had on the organisation's financial sustainability.

Quantifying the impact of efficiencies on regulated fees under the previous recovery model, is not straightforward.

Regulated fee revenue must also be considered in the context of Landgate's other revenue sources, the interdependence of this revenue being crucial to the ongoing financial sustainability of the organisation. Appropriated funds and non-regulated fee revenue are described further within Appendix 5 (5a).

The preservation of this revenue stream supports the value proposition of WA's land registry. The successful reform of Landgate's cost base, sustainability of its operating model and ability to capture reform savings for the benefit of the state's finances and community were all made possible by the taxing provisions.

Upon introduction of the taxing provisions, a parliamentary commitment was made to hold fees at 2014/15 fiscal year levels with any increases 'capped' at no more than CPI (All Groups Perth) until 30 June 2018. Prior to July 2015, fees prescribed under the relevant Acts were set based on cost recovery.

The methodologies applied in determining fees on both a cost recovery and 'CPI cap' basis are detailed within Appendix 5 (5b).

Future of Regulated Fees and expiry of the taxing provisions

The parliamentary commitment to cap fee increases at CPI until June 2018 was an interim measure, with principles and methodologies by which fees were to be determined to be developed at a later stage. These principles and methodologies are intended to provide certainty to regulated fee calculations when exercising the mandate afforded to Landgate under the taxing provisions.

The current taxing provisions will expire at the end of December 2019 unless the Governor, on the recommendation of the Minister, postpones the expiry by proclamation. The Minister must be satisfied, based on the WALIA review report, that the expiry of the provisions should be postponed in order to make this recommendation.

The Minister must therefore determine whether Landgate is to continue to set regulated fees under the taxing provisions, or revert to a cost recovery model as the basis for fee setting. Based on the Minister’s decision in this regard, as well as the future role and function to be carried out by Landgate within the broader context of government (and associated cost of performing those roles), appropriate principles and methodologies will need to be established.

The relationship between the taxing provisions, and the principles and methodologies is illustrated below in Figure 9.

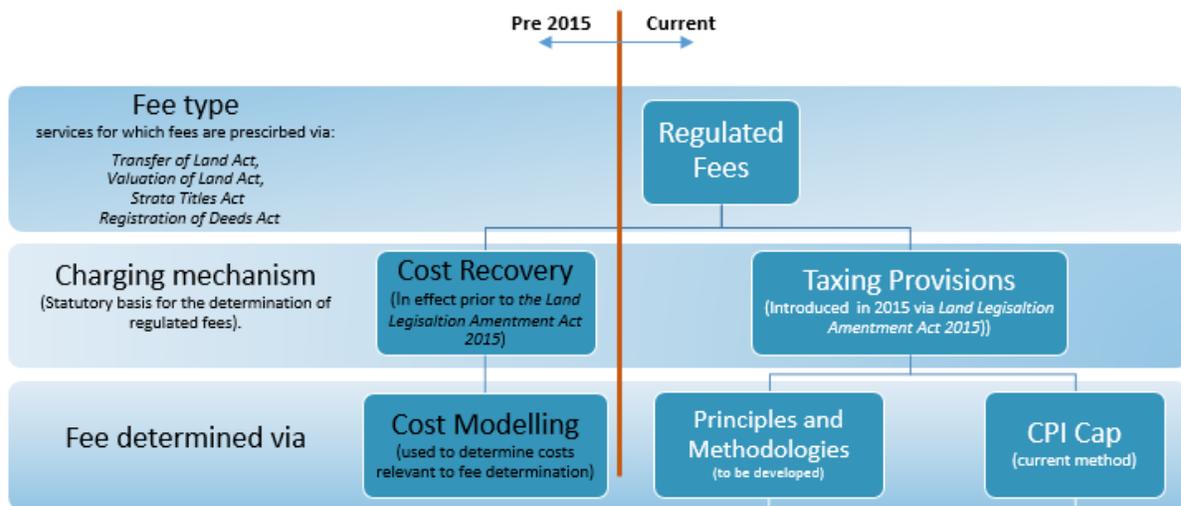


Figure 9: Relationship between taxing provisions and principles and methodologies

Recommendation 9: Taxing Provisions

The taxing provisions applicable for the purpose of determining Landgate’s regulated fees continue to operate. In order for this to occur, the Minister is to provide a recommendation to the Governor, requesting that the expiry of those provisions introduced by the Land Legislation Amendment Act 2015 be postponed prior to 31 December 2019.

These more detailed principles and methodologies will provide government and community stakeholders with increased surety regarding the fee setting process, delivering a more transparent fee setting process.

Landgate requires direction to develop clear principles and methodologies for the setting of regulated fees.

If Landgate is to deliver additional services on behalf of government, the taxing provisions will need to be in place to cover the costs of maintaining and disseminating the data, even though the cost to serve may decrease.

In order for Landgate to continue to generate revenue for the state government and invest for the benefit of the state of WA, the taxing provisions need to continue. The ability to set fees above cost recovery is key to the financial sustainability of Landgate and its ability to deliver value to the state government.

Recommendation 10: Future funding

That direction be provided in developing clear principles and methodologies for the setting of regulated fees. In order for Landgate to develop an effective framework for the calculation of regulated fees, the following must be determined:

- whether the role of Landgate will be expanded to deliver additional services on behalf of government, and the means through which these will be funded
- the means through which services provided to other government agencies will continue to be funded
- the extent to which other revenue sources will be relied upon to fund the operations of Landgate.

Services for which Landgate's regulated fees are charged make up a significant portion of total revenue. This revenue is highly susceptible to fluctuations in the property market and therefore it is fundamental to the financial sustainability of Landgate that the principles and methodologies be developed with sufficient insight to the above. These factors have 'whole of government' implications and thus further understanding of the direction to be taken by government is necessary.

Customer Feedback on Pricing

Feedback on pricing was mixed: some customers thought the fees were comparable to other states and manageable given they could be passed through to their clients; others saw e-conveyancing as a mechanism by which prices would rise.

Some stakeholders reported that the search functionality for titles and plans does not allow the history of a property to be obtained in one search. Others stated that they are often required to undertake multiple, sometimes redundant searches to obtain the information they require, each search incurring a cost. It seems that stakeholders are prepared to pay for the cost of obtaining titles however want to see improvement in the searching functionality to remove excessive costs. It was also reported that there is a lack of consistency across government in relation to the policy for charging for data; Landgate charges for its data however many of those datasets are available for no cost from other government agencies. This risks an erosion of Landgate's value proposition and revenue to government.

In terms of parity across Australia, Landgate continues to charge for spatial information that other states provide free of charge and there is a lack of transparency about why this is the case. Landgate therefore needs to invest time and effort in improving transparency and sharing the rationale for its pricing model. That issue aside, while other jurisdictions are moving to a no fee model, there were concerns expressed at a national level about the eroding quality of data from other states who may not be re-investing back into the maintenance and upgrade of their data. Stakeholders noted the high quality of data provided by Landgate against their counterparts.

Landgate's regulated fees remain comparable with those of other Australian jurisdictions. Figures 10 and 11 demonstrate the comparable trend in pricing of document registration and search fees over time.

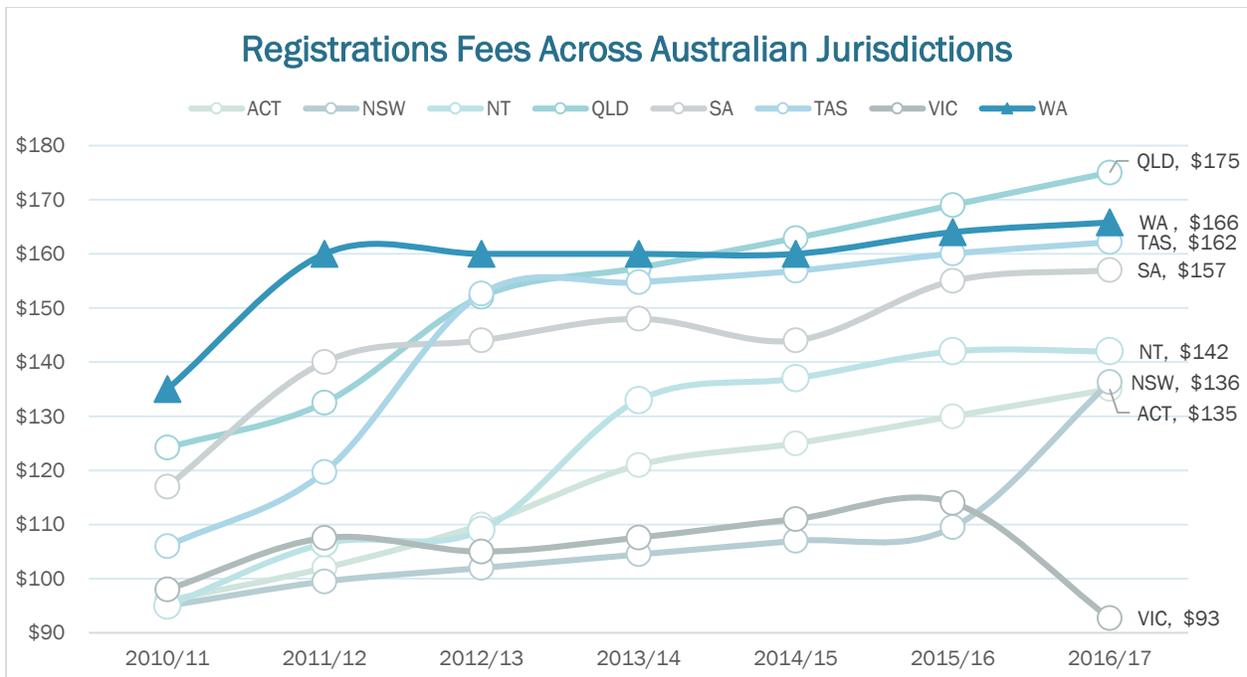


Figure 10: Document registration fees across Australian jurisdictions 2010/11 – 2016/17

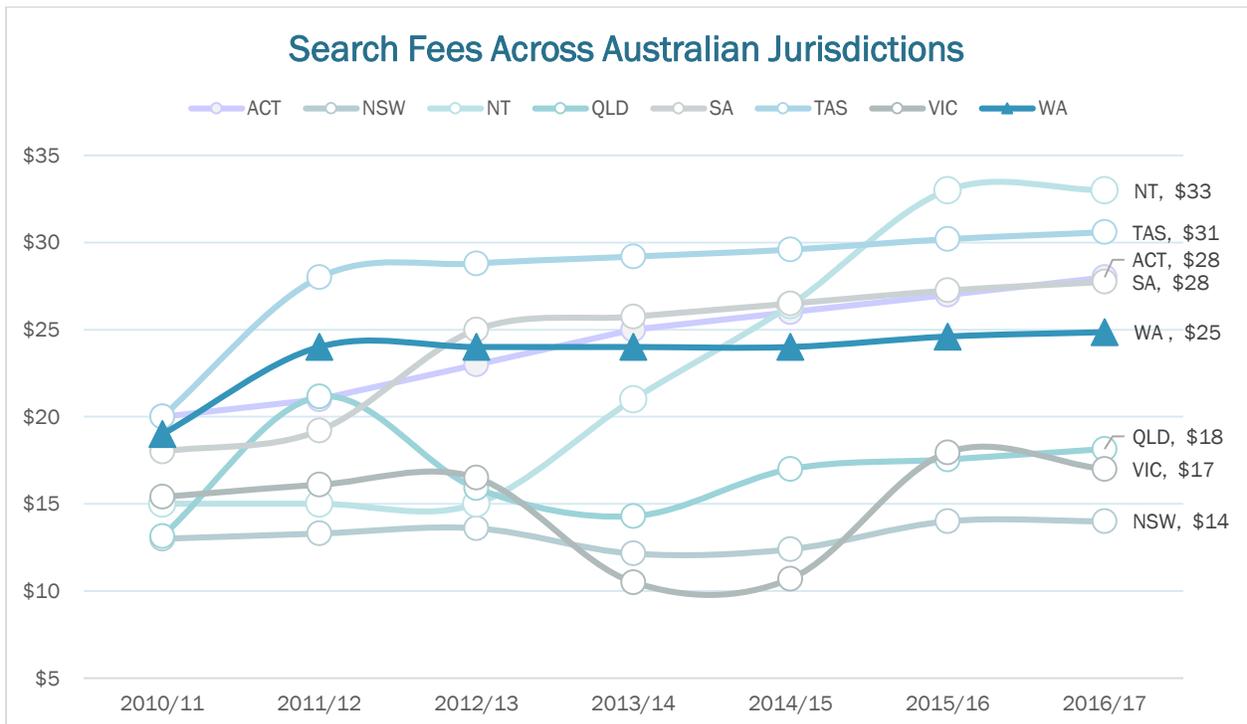


Figure 11: Title Search fees across Australian jurisdictions 2010/11 – 2016/17

Note: A further explanatory note to these figures is included within Appendix 5 (5c).

Evident through much of the feedback provided was that Landgate's pricing structure was not generally well understood by stakeholders. The means through which Landgate determines fees and charges, especially regarding the access and use of data, was seen to be overly complex.

The methodology applied in determining non-regulated fees and charges should be transparent, improving customers' ability to make budgetary and purchasing decisions. Communication around the relationship between regulated and non-regulated fees should also be improved.

Recommendation 11: Improving transparency of pricing

Landgate to invest time and effort in improving transparency around fee determination, including the rationale for its pricing model.

Recommendations

For consideration by Government

Recommendation 1: Role of Landgate

Landgate continues to fulfil its existing role in relation to land information.

Recommendation 2: Whole of government data

Landgate be appropriately empowered and resourced to provide intergovernmental services and deliver on whole-of-government objectives with respect to data. A clear, consistent legislative framework for data sharing should be established that:

- provides a mandate for Landgate to lead the implementation of the WA Whole-of-Government Open Data Policy through collaboration with other agencies
- requires data sharing between agencies
- delivers a more nuanced approach to relationships between agencies, providing greater value across government
- considers the cost of providing, maintaining and sourcing data, as well as appropriate funding mechanisms to ensure the currency and quality of that data.

Recommendation 3: Whole of government policy role

The opportunities to utilise Landgate in the progress and development of significant state government policy projects within the Planning, Transport and Lands portfolio be further investigated.

Recommendation 4: Functions of Landgate

Landgate continues to perform functions as established under Part 3 of the Act. The scope of functions under section 9 may need to be expanded should Landgate's future role in relation to data include information not considered to be 'land information' (refer data recommendation). Similarly, section 9(8) may need to be amended should Landgate's future policy role extend to matters not considered to be 'land information functions' (refer policy recommendation).

Recommendation 5: Labour model

The Act be amended to provide Landgate with greater access to the 'substandard performance and disciplinary' provisions of the *Public Sector Management Act 1994*.

Recommendation 6: Statutory offices

Statutory officers continue to perform their existing functions within Landgate.

Recommendation 9: Taxing provisions

The taxing provisions applicable for the purpose of determining Landgate's regulated fees continue to operate. In order for this to occur, the Minister is to provide a recommendation to the Governor, requesting that the expiry of those provisions introduced by the *Land Legislation Amendment Act 2015* be postponed prior to 31 December 2019.

Recommendation 10: Future funding

That direction be provided in developing clear principles and methodologies for the setting of regulated fees.

In order for Landgate to develop an effective framework for the calculation of regulated fees, the following must be determined:

- whether the role of Landgate will be expanded to deliver additional services on behalf of government, and the means through which these will be funded
- the means through which services provided to other government agencies will continue to be funded
- the extent to which other revenue sources will be relied upon to fund the operations of Landgate.

Services for which Landgate's regulated fees are charged make up a significant portion of total revenue. This revenue is highly susceptible to fluctuations in the property market and therefore it is fundamental to the financial sustainability of Landgate that the principles and methodologies be developed with sufficient insight to the above. These factors have 'whole of government' implications and thus further understanding of the direction to be taken by government is necessary.

For consideration by Landgate Executive

Recommendation 7: Service Delivery

Continue to make it simpler and easier for customers to get what they need from Landgate, with a focus on well-designed, on-line services for the emerging electronic property market, as well as providing effective personal service to those with limited access to technology.

Recommendation 8: Customer relationships

Continue to focus on customer relationship management and re-engage with customers on Landgate's new Way of Working.

Recommendation 11: Improving transparency of pricing

Landgate to invest time and effort in improving transparency around fee determination, including the rationale for its pricing model.

Appendix 1 – WALIA Steering Committee

- Chair, Landgate Board
- Chief Executive, Landgate
- General Manager, Strategy People and Performance, Landgate
- Director, Legislation and Policy
- Director, Planning and Performance
- Senior Policy Advisors, Legislation and Policy, Landgate
- WALIA Reviewer- Nicole Lockwood, Lockwood Advisory

Appendix 2 – Stakeholder Consultation

The WALIA review included a comprehensive program of consultation with a range of stakeholders from both the public and private sectors, as well as range of internal Landgate stakeholders.

Internal

- Corporate Executive
- Manager of Audit and Risk
- Statutory Offices

Industry Groups

- Australian Institute of Conveyancers (AICWA)
- ANSLIC (Aust/ NZ Spatial Information Council)
- ARNECC (Aust Registrars National Electronic Conveyancing Council)
- Cooperative Research Centre for Spatial Information (CRCSI)
- CCI (Chamber of Commerce and Industry)
- Law Society of WA
- Peak Property Industry Bodies – Property Council, Urban Development Institute, Real Estate Institute
- Property Industry & professional bodies (Secondary) - *Planning Institute of Australia (PIA)*; *Australian Property Institute (API)*; *Strata Community Australia (SCAWA)*;
- PEXA (Property Exchange Australia)
- PSMA (Public Sector Mapping Agencies)
- Spatial Industry Bodies – *Spatial Industries Business Association (SIBA)*, *Surveying and Spatial Sciences Institute (SSSI)*, *WA Institute of Surveyors (WAIOS)*
- WALGA (Western Australian Local Government Association)

Government Stakeholders

- Department of Finance
- Department of Lands
- Department of Mines, Industry Regulation and Safety
- Department of Planning
- Department of Premier and Cabinet
- Department of Treasury
- Housing Authority
- Landcorp
- Metropolitan Redevelopment Authority (MRA)
- Office of the Auditor General
- Public Sector Commission
- Water Corporation
- Western Power

Local Government Agencies (priority councils)

- City of Albany
- City of Bayswater
- City of Bunbury
- City of Cockburn
- City of Perth
- City of Swan
- Shire of Jarrahdale-Serpentine
- Town of Port Hedland

Appendix 3 – The Future of Industry

The global economy is entering the fourth industrial revolution of the modern era which brings with it challenges and opportunities for people, business and government.

The increasing degree of connectedness, Artificial Intelligence (AI), automation, digitisation, speed of communications between individuals and once disparate infrastructure is challenging every aspect of established social norms, employment and business models, government policy, financial and institutional structures.

Landgate's response to the changing Real Property Market was the development of the New Land Registry (NLR™), which has allowed Landgate to move the WA Titles Register into the 'cloud' and progressively grow the levels of automated processing of land registrations.

Landgate is not immune to the continuing disruption of the Real Property Market with the privatisation of New South Wales and South Australia Land Titles Offices being poignant reminders. Advava Limited, a Landgate subsidiary, is a technology provider to the winning consortium for the New South Wales Land Titles Office, through its innovative NLR™.

The potential emergence of a national land registry will drive further standardisation of property law, regulations, legislation and policy at a national level. A national precedent has already been set with the establishment of the national e-conveyancing operation, Property Exchange Australia (PEXA), of which Landgate is a shareholder.

New technologies will drive further innovation of the broader electronic market, challenging established business models and market forces.

Innovation will realise future financial value and benefits for Western Australia beyond which is obtainable utilising traditional business models, government procurement and market forces. This proposition is predicated on continuing to balance the formula expressed below, where:

$$\text{Disruption} = \text{technology} + \text{customers} + \text{society}^1$$

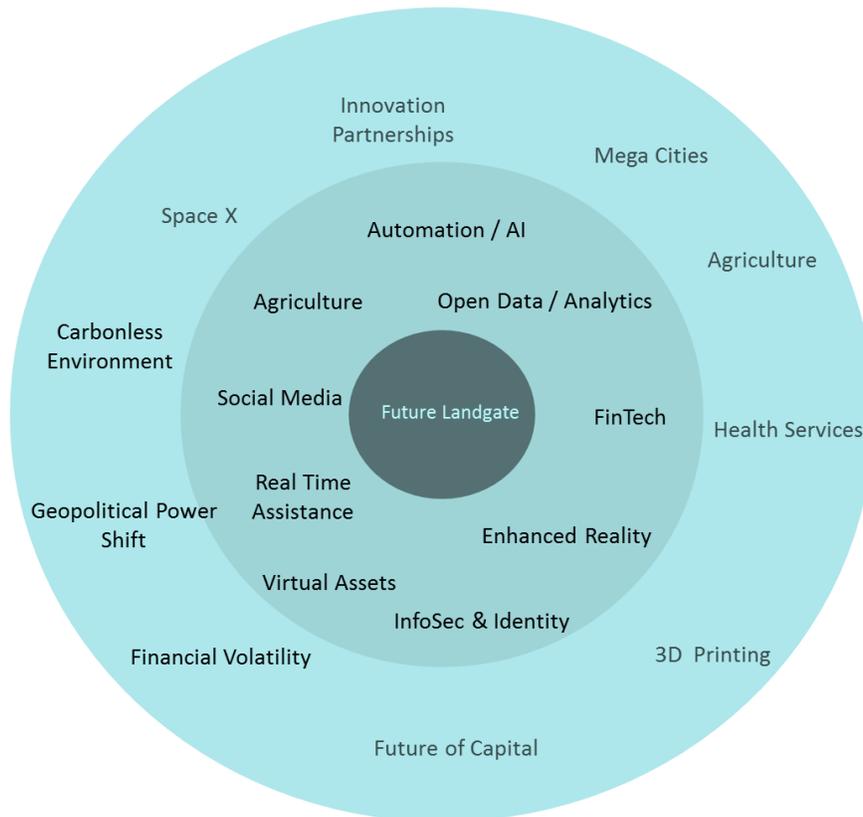
As disruption continues, balancing technology, customers and society 'to speed up job creation in the digital economy, investment in data and digital infrastructure...'² will be required. The challenge for

¹ World Economic Forum: 5 Insights on the future of disruption – Annual Meeting of the New Champions 2016.

² OECD Observer, Jobs and skills in the digital economy - No307 Q3 2016

governments is to proactively establish the policy, legislative, innovation and institutional frameworks to balance the formula.

The diagram below indicates the breadth of future trends and technology driving the fourth Industrial Revolution. Not all will directly impact Landgate and real property marketplace within the next 5-10 years, but they will change the socio-economic ecosystem in which Landgate operates.



The following trends and technology are expected to directly draw upon and / or impact Landgate services within the next 0 - 5 years:

- autonomy / automation / Artificial Intelligence (AI)
- open data³ / data analytics ^{4,5}
- financial services and technology (FinTech) ^{6,7}
- enhanced reality
- InfoSec & identity

³ <http://www.data.wa.gov.au/fact-sheets-and-toolkit/open-data-benefit>

⁴ SAS Best Practices Report – 'Operationalizing and embedding analytics for action' Q1 2016

⁵ Gartner 10 Megatrends in Analytics <http://www.gartner.com/smarterwithgartner/10-megatrends-in-analytics/>

⁶ Accenture: The Future of Fintech and Banking: Digital disrupted or reimagined – 2015

⁷ The Starling Report: Predictions and challenges for UK fintech in 2017 – Revolution of evolution? - 2017

- virtual property and assets ^{8,9}
- real time assistance¹⁰
- social media
- agriculture.

And the following within the 5 -10 years:

- innovation partnership
- mega cities
- advancements in health services
- 3-D printing
- connected, all things to all things ^{11,12}
- the future of capital ¹³
- space exploration
- carbonless energy, economy and scarcity ^{14,15}
- geopolitical & human capital power shift
- demographics
- technological infrastructure

All of above trends and technologies exist today, whether they continue, remain stagnant, or are replaced; the only constant will be the accelerating rate of change, and the challenges and opportunities to be enabled by effective legislative policy settings.

⁸ ResearchGate: Find Property in New Places – Property in Cyber and Outer Space – February 2016

⁹ Patent US7780532 B2 – ‘Ownership of game environments in a virtual world’ – August 24 2010

¹⁰ insight.telstra.com.au – Seven Disruptive Technologies to watch out for in 2017 – December 2016

¹¹ <https://www.bbvaopenmind.com/en/the-internet-of-everything-ioe/>

¹² <https://newsroom.cisco.com/ieo/>

¹³ World Economic Forum: Alternative Investments 2020 – The Future of Capital for Entrepreneurs and SME’s – February 2016

¹⁴ A Carbonless Energy Strategy, Architecture, and Design – Geopolitics of Energy – 17 April 2008

¹⁵ IPCC - Climate Change 2014 Synthesis Report – Summary for Policy Makers - 2014

Appendix 4 – Landgate’s Functions

Part 3 – Functions of Authority

8. Dual objectives of Authority

It is intended that the Authority –

- (a) act as a body through which the State performs certain functions related to land information on a basis that does not involve making a profit; and
- (b) in addition to acting as described in paragraph (a), generate for the State a fair commercial return from providing goods and services on a basis that may involve making a profit.

9. Functions

- (1) The Authority’s main responsibilities include to provide, administer, and provide access to information in, land information systems as the laws of the State require.
- (2) The land information systems provided under subsection (1) may include other information as well as the information that the laws of the State require them to contain and will include notifications of interests of a type determined by the Minister in accordance with subsection (3) and prescribed by regulation.
- (3) The Minister will determine the types of interests in or notifications in respect of land that are issued or made by any public or private body, which must be notified to the Authority and be made publicly accessible on a basis which does not involve making a profit.
- (4) The Authority may also provide, administer, and provide access to information in, land information systems other than those that are required by the laws of the State.
- (5) The information that is in a land information system provided under subsection (1) or (4) may include information obtained from another person.
- (6) The Authority’s main responsibilities under this Act also include to provide staff, systems, and other resources and support, and to provide services and facilities, for the performance of functions that any other Act gives to a member of the Authority’s staff.
- (7) The Authority may also –

- (a) under arrangements that may be agreed between the Authority and any other person keeping land information, whether in the public sector or the private sector and whether to comply with a statutory requirement or otherwise, provide goods and services to that person; and
 - (b) provide goods and services related to any of its other functions under this or any other Act or that it is able to provide because of expertise related to any of those functions.
- (8) The Authority's other responsibilities under this Act are to, at the request of the Minister or as the Authority considers appropriate –
 - (a) develop policy and advise the Minister or any public body on matters related to the Authority's land information functions; and
 - (b) represent the State as a participant in the proceedings and activities of any body, whether local, national, or international, that has land information functions

Appendix 5 – Calculation of Regulated Fees

5a. Sources of Revenue

Landgate's three key revenue streams:

1) Regulated Services

Regulated services are those for which fees are 'Fixed by a written law' (section 16(2) LIA), prescribed under the other legislation administered by Landgate (*Registration of Deeds Act 1856, Strata Titles Act 1985, Transfer of Land Act 1893 and Valuation of Land Act 1978*).

2) Non-Regulated Goods and Services

Goods and services provided by Landgate within the scope of its functions and priced in accordance with the principles of section 16 of the *Land Information Authority Act (LIA)*.

3) State Government Funding

Services for which Landgate receives an appropriation from the state government in accordance with the relevant Treasury processes.

5b. Pricing Methodology – Regulated fees

Due to the introduction of the taxing provisions in 2015, two distinct approaches have been taken to the calculation of regulated fees during the review period.

Time Period	Fees determined in accordance with	Methodology applied in determining fees
2012-2015	Cost Recovery	Stand alone cost model
2015 – June 2018	Taxing Provisions (<i>introduced by the Land Legislation Amendment Act 2015</i>)	Fees Increases capped at CPI (2014/15 + Annual CPI increases)

Cost Recovery

Prior to the introduction of the taxing provisions in 2015, the calculation of Landgate's regulated fees were based on cost recovery.

Under Landgate's Corporate Cost Model, these costs were determined based on activity based pricing principles, applying a Stand Alone Cost Allocation model.

For regulated services, the Stand Alone Methodology (SAM) is used for allocating indirect and overhead costs. This, together with the allocation of direct Primary Purpose costs, forms an econometric costing view on which the regulated fees are based.

The SAM reviews each category of indirect or overhead cost, and determines if it would be reduced or not incurred if Landgate did not provide any or all of the non-Primary Purpose activities.

Under the SAM, almost all indirect and overhead costs are allocated to regulated services (Primary Purpose outputs). The notable exceptions are Accommodation and Information Management (IM) costs, whose allocations are adjusted as it is considered that less floor space and IT services would be required if only Primary Purpose activities were conducted.

Accommodation and IM costs are traced to all outputs (primary and non-primary), based on floor space and system use, respectively.

An exercise has been undertaken to apply the stand alone costing method to the Regulated functions. (Note: Regulated fees relate to document registration, plan registration and searches.) The steps outlined below define the process undertaken.

CPI Cap

The annual fee submission process has involved the application of the Consumer Price Index (CPI) rate to the baseline fee amount. The baseline fee amount used in the first year was the existing 2014/15 FY schedule of fees.

The rate of CPI applied for this purpose, is that published in the Treasury budget papers as the 'All Groups Perth' estimate each year.

5c. Note to Figures 10 & 11

National Relativity of Document Registration and Searching Fees

Figures 10 and 11 provide a comparison of Western Australia's document registration and searching fees with similar fees charged by other Australian State and Territory land registries (as at 31 January 2017).

Land Titles Management Fees

Figure 10 depicts the fees for document registration based on the fee associated with 'discharge of mortgage'. While Landgate applies a similar fee across a number of registration actions such as transfer of title and lodgement, fees for different registration actions are variable between states. Victoria and Tasmania, for instance, have multi-level charging arrangements for different types of land transaction documents.

The term 'title search' at Figure 11 refers to the services involved for inspecting and/or copying land related documents, plans and certificates of title. This graph provides an indicative comparison of the fees for remote or electronic self-service searching at other registries. However, a direct product-to-product relationship is difficult due to the variety of access modes (channels), the level of information provided and the different searching packages available from the various registries.

Appendix 6 – 2012 WALIA Review Recommendations

	2012 WALIA Review Recommendation	Status
1	Landgate continue operations as a statutory authority with functions as currently defined in the <i>Land Information Authority Act 2006</i> (LIA Act)	Business as usual - no further action required.
2	Landgate review and modernise its subordinate legislation to ensure alignment with the LIA Act and to appropriately define and position statutory offices, and related regulatory and policy roles for the future.	Amendments to subsidiary legislation to better define the contemporary role of statutory offices has not yet been undertaken. The statutory offices, as prescribed under various pieces of subsidiary legislation, continue to form a key structural and operational component of the Authority. See Need for continuation of the functions section.
3	Landgate (in conjunction with the Department of Treasury and Department of Finance) conduct a review of the Landgate's pricing framework with the objective of establishing contemporary pricing structures and ensuring the financial sustainability of the organisation.	A review of Landgate's pricing framework was conducted and introduced through the Land Legislation Amendments Acts in 2015. These amendments expire after December 2019, with more permanent legislation required for continuation of the changes. This topic is considered in more detail in the Calculation of regulated fees section.
4	Landgate's employment framework remains as provided in Sections 44 and 45 of the Act and the organisation continue as an SES organisation.	Business as usual - no further action required.
5	Landgate's Board continue to review and sharpen the business model for the organisation to reflect the performance expectations signalled in the draft SDP for 2012/13 to 2016/17.	Landgate's business model was refined through Statements of Corporate Intent and Strategic Development Plans over the 5-year period. A review of the organisational model was also conducted in 2013 which led to the business improvement program which is in the final stages of delivery.
6	Landgate's next Statement of Corporate Intent include (in schedule form) greater emphasis on implementation strategies, actions, resources and timelines.	Statements of Corporate Intent are now more targeted with clear Key Performance Indicators (KPIs) and specific financial outcomes.

7	Landgate review its commercial investment policy, risk assessment tools and related due diligence processes to ensure all assessments of future business associations reflect appropriate transparency and contestability measures, including market testing.	The commercial investment policy and associated tools were revised in 2015.
8	Landgate continue to provide leadership in implementation of the Location Information Strategy across government and explore bi-lateral opportunities for replacement technologies, provision of GIS capability and related solutions with government and industry partners.	Significant investment and strategic focus has been given to this area and is addressed in more detail throughout the report.
9	Landgate develop an appropriate change management strategy to support the achievement of priorities and initiatives confirmed with government through the 2012/13 - 2016/17 Strategic Development Plan.	Landgate's business improvement program, Transform, was developed in 2013 and is due to conclude in 2017. This program delivered many efficiencies for Landgate and its customers and is discussed in more detail under Effectiveness of operations section.