

# TRANSCRIPT

## STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

### Inquiry into the proposed long-term lease of land titles and registry functions of Land Use Victoria

Melbourne — 20 June 2018

#### Members

Mr David Davis — Chair

Mr Cesar Melhem — Deputy Chair

Ms Melina Bath

Mr Richard Dalla-Riva

Mr Nazih Elasmr

Mr Daniel Mulino

Ms Huong Truong

Mr Daniel Young

#### Participating Members

Mr Jeff Bourman

Ms Samantha Dunn

Mr James Purcell

Mr Simon Ramsay

Dr Samantha Ratnam

Ms Jaclyn Symes

#### Witnesses

Mr Robert Marsh (sworn), Valuer-General Victoria, and

Mr Craig Sandy (affirmed), Surveyor-General Victoria.

**The CHAIR** — I welcome the Surveyor-General and the Valuer-General to our hearing on the sale and involvement of private activity in the land titles office. Evidence given here is under oath and is protected. Comments made outside are not protected.

I ask you both to make a very brief presentation. You have no doubt seen our terms of reference. We would welcome brief commentary, and then we will ask some questions.

**Mr MARSH** — Thank you, Chair. By way of introductory comments, the Valuer-General, otherwise known as the Office of the Valuer-General or Valuer-General Victoria, is a branch within Land Use Victoria and part of the Strategic Land Assessment and Information division within that. My role is dictated largely by the Valuation of Land Act and some other ancillary acts, such as the Land Acquisition and Compensation Act, the Planning and Environment Act, the Fire Services Property Levy Act et cetera.

The proposal to commercialise the functions of Land Registry Services: although Land Registry Services is a part of Land Use Victoria, its functions — other than shared business services and the sharing through LANDATA of the sale of some of the information for which I am responsible — are largely independent. We do, as I say, share business services and share accommodation but beyond that little else. Thank you.

**Mr SANDY** — Thank you, Chair. The Office of the Surveyor-General Victoria is very similar to that of the Valuer-General Victoria's office. We are within Land Use Victoria. We are part of the Strategic Land Assessment and Information group. We provide a number of independent advices to government and to the private sector. The activities of the commercialisation, other than those business systems and the accommodation that we share, really are not impacting us.

**The CHAIR** — All right. Thank you both for appearing. In some cases the committee may wish to hear evidence that indicates things are not a problem and may want to hear it on oath so that it is aware and can assure itself or otherwise of matters, so I make that point as a way of introduction. I have three questions, really, and I will be as quick as I can. The first is: these shared functions that you have in terms of back-of-office support — is it conceivable that changes there could impact on the operation of your office?

**Mr MARSH** — As far as I am aware, the shared services, being financial services, legal services, IT services, HR and organisational development, are largely unimpacted by the proposed changes in that we would still have access to the full suite of those services. That is my understanding.

**Mr SANDY** — I agree.

**The CHAIR** — Would it affect the economies of scale in the delivery of those services?

**Mr MARSH** — Again, my understanding is that Land Use Victoria comprises roughly 500 people, and roughly 100 will be transitioned to other arrangements under this proposal. That is still 80 per cent of the people that need to be serviced through this. Understand also that we are part of a broader department in DELWP and that all of those functions also reside within DELWP as well.

**The CHAIR** — Okay. The Surveyor-General in particular: given the shape of the cadastre and how your role in a sense often is an adjudicative role, is that likely to be impacted in any way by the changes proposed in the commercialisation proposal?

**Mr SANDY** — No. The only changes to us really would be that some of the systems are delivered by the Systems branch, which is part of the proposed commercialisation. Under provisions of service-level agreements to ensure the systems and services that we provide and the data that we access now, we would still have security and integrity in those systems and the data and we would have everything that we have now, so it would be a continuation of service.

**The CHAIR** — But it would be dependent on the nature of those agreements?

**Mr SANDY** — It would be dependent on those agreements.

**The CHAIR** — Do you have a draft of those or have you seen versions of those from other jurisdictions that would be of assistance to us?

**Mr SANDY** — I have kept a close watch on the other jurisdictions, and what is proposed here in Victoria is significantly different to that in New South Wales and South Australia, so while it is a similar process I do not think we can completely say that what happened there is likely to happen here.

**The CHAIR** — With the mixed outcomes in those jurisdictions, is that —

**Mr SANDY** — I am not saying they are mixed outcomes. It is still relatively new, so I think people are still coming to grips with what is occurring and how it impacts them. You have got two jurisdictions that have changed legislation to make commercialisations occur, whereas here that is not the case. So it is a different model.

**The CHAIR** — And just in terms of the Valuer-General's role, you are confident that no pressure could be brought to bear through the commercialisation model that is proposed to impact on your valuation mode and independence?

**Mr MARSH** — I am confident because I am not aware of any legislative process that would change the roles and functions for which I am responsible.

**The CHAIR** — So let us be clear that a legislative position is one aspect — a critical and important aspect; I am not diminishing it — but there may well be other pressures brought to bear.

**Mr MARSH** — Not that I can foresee. The functions of the titles office, as I understand them to be — those that are proposed to be commercialised — are the transactional functions. The functions that I am responsible for in the slight area of overlap are the functions of LANDATA, which are also proposed to be commercialised. LANDATA is almost like a broker on behalf of my responsibilities as Valuer-General under the Valuation of Land Act to provide and have access to sales and valuation data. I have a right and an obligation to that data, sales data, and I am the data originator for the valuations data, so I cannot foresee a situation where I could be negatively impacted. I can foresee a situation where they may seek my approval or concurrence or otherwise to develop new products et cetera.

**The CHAIR** — And there would be some protocol on that developed?

**Mr MARSH** — They would have to seek my agreement, concurrence, and therefore, depending on what it was they required or wished to do, it would require a gazette to do so.

**The CHAIR** — So if I just put on record that my caution on all of these things is that with good systems that function well, as I think ours does in Victoria, we need to be cautious before we change them. So I guess my philosophical bent is not to oppose what is occurring here, but I am interested to assure myself, the committee and thereby the community that these important functions that you both, as the head of an important pyramid in each case, discharge are not going to be impacted. So I am very interested to hear your evidence under oath that that is not the case. That is a comment after what you have said.

**Mr MARSH** — And I accept that position, but I am confident that I have the protection of the legislation as it stands to continue to fulfil the functions that I will need to fulfil. And I suppose I add by way of comment myself that if I think of the worst-case situation, which might be that there was a denial of access to information, data and the like that the commercialised entity, the privatised entity, now has responsibility for, as the data originator I still have that data. So in that respect, that worst-case concern is mitigated.

**The CHAIR** — So let me ask another question. The survey control act requires you to report annually to Parliament.

**Mr SANDY** — Yes.

**The CHAIR** — Is there a requirement for the Valuer-General to report annually to Parliament?

**Mr MARSH** — No, Chair.

**The CHAIR** — Let me put it this way: would it improve assurance if the Valuer-General were to have a formal statement inside the relevant departmental annual report that enabled the Valuer-General to indicate how progress was occurring — a report to the Parliament and thereby to the community?

**Mr MARSH** — I am trying to consider what it is that that report would report. Is it to provide assurance to the Parliament and the community?

**The CHAIR** — That is right, about the functioning of the office and the —

**Mr MARSH** — Then there would be no harm in that. That would be a good, transparent function, policy — yes.

**Mr MULINO** — Just a couple of quick questions. Thanks for taking the time to come in tonight, both of you. On the first night of evidence from the department — and this is really just to clarify a point that I think you have already made in questions from the Chair — the department laid out an organisation chart. It is fair to say that your part of Land Use Victoria is very separate from the transaction and it really will not affect your day-to-day functions or the way in which policy or legislative responsibilities impact upon you.

**Mr MARSH** — Correct.

**Mr SANDY** — Yes, correct.

**Mr MULINO** — And, as you have already indicated, of the 500 staff within LUV, 400 will be unaffected by this transaction. I am just wondering: how many staff are there in each of your divisions of LUV?

**Mr SANDY** — In my division there are around about 43 at the moment, given that we have got some on secondments.

**Mr MARSH** — I think as of this morning I have got 101, with an 80 EFT, if that makes sense.

**Mr MULINO** — That is all from me for the moment.

**Dr RATNAM** — Thanks for your presentations tonight as well. I just want to pick up the point — and the Chair raised this — in terms of the service level agreements. I am just wondering: has any work been done to date on that? Were you consulted in the prelude phase of the announcement being made about privatisation of the functions? Were you consulted during that period in terms of your views and potentially even how the service level agreements are going to be developed and what shape they are going to take?

**Mr SANDY** — We were certainly consulted. I would not say that I have had any involvement in the development of the service level agreements at this point. Predominantly I think they will be developed once a provider is known, and until that is known there is not much that we can really do other than to understand our process and what we need from them.

**Mr MARSH** — I will simply add to Craig's comment that the conversations about the service level agreements were in an endeavour to identify intersections and things might — and I emphasise might — be impacted so that they could be addressed, and I have not yet seen further service level agreements.

**Dr RATNAM** — Just following up on that, are you at liberty to talk about what kind of feedback you provided through that consultation? Was it high-level feedback about a broad canvas of what options were available? And did you have particular views, either positive or negative, about what was being proposed?

**Mr SANDY** — So the feedback we provided was prior to the release of the scoping study. At that point the questions that we raised were in relation to what functions would be retained and what would be commercialised. Most of the functions that we deal with, which are the Subdivision branch and the Application and Survey branch, are all being retained within the state. From that perspective what we presented there did not eventuate as part of the commercialisation, so most of our day-to-day functions are unimpacted.

**Mr MARSH** — The same — yes, unimpacted.

**Mr DALLA-RIVA** — Just a couple of questions. I apologise; I was not here for the presentation. Previous witnesses have given evidence about other jurisdictions and their understanding of it. We note New South Wales has undertaken theirs in 2017, as has South Australia, and also Western Australia is considering leasing their land titles office. So I just want to understand when this announcement came up. Have you had conversations with your equivalent in those states to get an understanding of any concerns that they may have

that have appeared or arisen, is it still too early to get that assessment or have you not communicated with them at all?

**Mr SANDY** — I communicate with my counterparts on a regular basis. In terms of South Australia it is still too early to make any assessment. In terms of the contact around New South Wales, they have had some — I would not say teething — but it is trying to ensure that the communication flows are correct, and I believe that they are sorting those out. So it is something that I have noted to ensure that we maintain communication where we need to between the private operator and us, understanding that in New South Wales much more, in fact all, of their functionality has been commercialised, whereas here it will not be. So I have noted their concerns, and we will ensure that we take whatever action is needed at the time.

**Mr DALLA-RIVA** — Before I ask you, Robert, we noted Canada and there is the UK and Nova Scotia. Are you aware of the failures in the UK and Nova Scotia? Are you aware that they did try —

**Mr SANDY** — Well, I do not know that the UK was a failure. They withdrew the process.

**Mr DALLA-RIVA** — Well, attempted to —

**Mr SANDY** — Yes. Nova Scotia I am not aware of. I have spoken to other jurisdictions within Canada that have gone down this path. They have taken a different approach to what Victoria —

**Mr DAVIS** — Western Canada?

**Mr SANDY** — Yes. So because theirs is a different approach it is probably not as relevant to us in this discussion.

**Mr MARSH** — It would be fair to say that when this was first proposed, similarly to Craig, we had the Australasian Council of Valuers-General, and we would talk about all matters of common interest. Those like South Australia and New South Wales that had gone or were going through the process were variously impacted. Once it was stated on the record that the functions of the Valuer-General of Victoria were not part of the process, the interest turned differently and turned more to assisting my colleagues in New South Wales and South Australia, who had gone from a fully in-house model to a hybrid model where they had policy and process internally but delivery externally — which is not unlike our model — and how we did that and offering them what assistance we could with doctrine, policy and the like.

**Mr DALLA-RIVA** — So do you think, with that experience that you have both had, that you would be able to foresee some of the issues before they arise if this legislation gets passed?

**Mr MARSH** — Yes, in so much as it affects our functions.

**Mr SANDY** — Yes, I agree.

**Mr DALLA-RIVA** — So some of the things like, as the Chair mentioned, having some internal but external oversight would give some comfort to those who may have doubt about the process?

**Mr MARSH** — I see no harm in that.

**Mr SANDY** — I agree.

**Ms BATH** — Gentlemen, in your professional capacity, do you see benefits and/or efficiencies through this privatisation for the sector but also for the landholder, the ratepayer, the person on the ground? Do you see any benefits and efficiencies through this privatisation?

**Mr MARSH** — Because we have little intimate involvement in the Land Registry Services function it is difficult for me to answer that other than to say there may well be efficiencies in end-to-end processes that could be delivered through a different way of doing business. I mean, you would never say no — that there could not be efficiencies made — but by the same token I do not have the technical knowledge to understand what they might be. It will not affect my processes, and therefore that is all I can add to that.

**Mr SANDY** — In my capacity it would be the same. We do not have any real intimate capacity with those particular functions. So whether or not there are efficiencies to be derived, it is not really in my capacity to comment at this point.

**Mr MULINO** — I think it is something you have already brought out. I just want to make it very explicit. This is to each of you: do you support your functions being retained in the public sphere as part of this transaction?

**Mr SANDY** — My view is that it is the best place for it to be. If, however, the government made a decision to commercialise it, then I would have to deal with whatever that decision was, but at this point I believe it is in the best place.

**Mr MARSH** — Yes, I think the way that we have evolved over recent years, it is the best way to provide service to the Victorian population.

**Mr DAVIS** — How are the annual valuations going?

**Mr MARSH** — Very well. We kick off in 10 days.

**Mr DAVIS** — How much extra revenue will they bring in?

**Mr MARSH** — I think they are on the record as saying \$200 million.

**Mr DAVIS** — Can I thank you both for your evidence. As I say, in some respects we have got an inquiry to do, and actually having you give evidence under oath that certain impacts will or will not occur is quite important to us, so thank you.

**Witnesses withdrew.**