

# 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 — 6 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 John Bradley (affirmed), Secretary,

Mr Terry Garwood (affirmed), Deputy Secretary, Local Infrastructure,

Mr Ian Ireson (affirmed), Chief Executive, Land Use Victoria, and

Mr James Kingsland (affirmed), Executive Director, People and Culture, Department of Environment, Land, Water and Planning.

**The CHAIR** — I welcome to the room James Kingsland, Terry Garwood, Ian Ireson and John Bradley. Who wants to lead off? Is it John?

**Mr BRADLEY** — I have got a brief presentation, with your discretion, Chair.

**The CHAIR** — Thank you.

### **Visual presentation.**

**Mr BRADLEY** — Today I would certainly like to begin by thanking you for the opportunity to be with you and present this evening. I would like to begin by providing some context on the staffing elements, particularly as they relate to Land Use Victoria and its land registry functions that are proposed for commercialisation. On the screen you can see the organisation charts, probably a little bit small, for the Department of Environment, Land, Water and Planning. Land Use Victoria sits within that red boxed area within the chart, within our Local Infrastructure group led by the Deputy Secretary Terry Garwood, who is with us. Mr Ireson is the CEO of Land Use Victoria, as you know. It provides authoritative, comprehensive and easily accessible services for land registration, property information and services for land information mapping and spatial data, government land advice, surveying, valuations and assigning geographic names. Land Use Victoria as a whole employs 517 Victorian public servants and agency staff, who provide a large volume of registration services and property information requests each year.

Here you can see in the next slide some of the volume of work that the staff contribute to these important functions of Land Use Victoria's Land Registry Services. These are the annual figures from the Land Registry function. Those services shown in green on the screen will transfer to the private operator after the transaction, which will continue to deliver those services. The services shown in purple will continue to be delivered by Land Use Victoria-retained functions. So for the 850 000 land transactions registered each year, the private operator will undertake the administrative tasks of registration preparation, and the Land Use Victoria-retained functions will undertake the statutory function of registration, as you have heard earlier this evening. The private operator, as you have heard, will be expected to maintain key performance indicators.

Land Use Victoria is divided into Land Registry Services and Strategic Land Assessment and Information. Land Registry Services is comprised of several components, including LANDATA, Registration Services and our Systems branch. Registration Services are responsible for the registration of land transactions, registration of subdivision plans, Crown land registry transactions, water register transactions, electronic plan lodgements and electronic land transaction lodgements or e-conveyancing. The LANDATA branch you see provides land information services, including title survey and property sales information and property and planning certificates, and the Systems branch provides support, including core systems and applications, contract management of IT vendors and third parties, IT helpdesks and oversight of the IT modernisation program.

As you know, in March the government announced the decision to commercialise land titles and registry functions within Land Use Victoria's Land Registry Services division. Under that proposal LANDATA, excluding our Laverton office, and part of the Registration Services branch of Land Registry Services, will transition to the private sector. As part of that, the following Land Registry Services functions within Land Use Victoria are not part of the proposed transaction: the statutory responsibilities of Registration Services, part of the Systems branch, the LANDATA Laverton group, subdivision application and survey and business services. As you have heard, other Land Use functions which are not part of the proposed transaction include the Valuer-General Victoria, the Surveyor-General Victoria, Land Information and Spatial Services, Government Land Advice and Coordination, the Registrar of Titles, the Victorian Government Land Monitor and a range of support functions.

Turning then to the statutory functions of the Registrar of Titles, they are primarily set out, as you would be aware, within the Transfer of Land Act, and no changes are being made to that Act nor any other Act to facilitate the proposed transaction. As such, the Registrar continues to be responsible for all of its statutory functions, including the land titles register and approving all changes to the register, the Victorian online title system and other IT systems, the registration of all land transactions, and it will continue to retain full control over the future setting of fees for existing and new statutory services via a regulation process discussed. Price increases, as you have heard, for non-statutory products will be limited to Melbourne CPI.

Other key functions and powers will also remain with the state. The state will, for instance, continue to own the land registry data, provide the state guarantee of title or indemnity of title, enforce service standards, ensure the integrity, security and availability of registry services and systems are maintained and monitor and oversee the private operator's dealings with customers.

In terms of employees, I might focus on this for a moment, if you will bear with me. All affected employees will be offered a role in the post-commercialisation structures with either the state or the private operator. As a result of the commercialisation, up to 110 employees are expected to be offered an opportunity to transfer to the private operator in two stages. Stage 1 is scheduled for approximately September 2018, and stage 2 after October 2019. In accordance with clause 10, 'Implementation of change' in the Victorian Public Service enterprise agreement, DELWP commenced formal consultation with the public sector union and affected staff in March this year. The consultation is continuing. We are consulting with the CPSU and affected staff regarding the terms and conditions on which employees who accept offers of employment from the private operator will transfer. There are some outstanding matters that are still the subject of consultation.

DELWP has communicated to the CPSU and affected employees the proposed scope of the change and the proposed time lines for commercialisation. Since the beginning of that formal consultation formal advice and presentations have been provided to employees and meetings have been conducted with all of our staff affected, employees and the CPSU. We have a website which is available containing all change information and frequently asked questions which we are updating on a regular basis. We have established a designated email inbox to receive and respond to questions and comments as promptly as possible and this is helping us to track key themes of interest to staff. DELWP is currently working to establish expressions of interest in staff matching processes for consultation with employees and the CPSU.

This all reflects the commitment that is part of the proposal that the Victorian government is committed to ensuring that employees are treated fairly and that their rights and entitlements are protected. The Fair Work Act transfer of business requirements will apply to transferred employees, which means that the private operator will be required to recognise employee service with DELWP upon transfer to the private operator and the public service enterprise agreement will continue to apply to transferring employees. The department is focused on identifying and monitoring the impact of change and providing ongoing support to staff during this time. Our staff will have access to management and supervisors, HR advisers and change specialists, an employee assistance program including one-to-one counselling, our workplace conciliator and a grievance process in addition to other forms of support.

In summary, we see this change as delivering better services to the public through continued investment in information technology systems and customer interfaces, with the state retaining all statutory functions, managing the administrative services provided by the private operator to the state and preserving the integrity and security of the land register. For those employees transferring, they will be matched to suitable roles with the private operator and others will be retained in Land Use Victoria roles. Those transferring will continue to perform similar roles based on their skills and will be employed by the private operator on conditions which are no less favourable than the conditions on which they are currently employed by the state. The private operator will, as a term of the transaction, be required to provide a two-year terms and conditions guarantee from the date an employee transfers and a two-year employment guarantee. Employees will continue to have the same defined benefit superannuation entitlements where applicable and, as we have said, employee wellbeing is an important focus of the new arrangements and consultation with affected staff and the CPSU is ongoing. For those who are retained within the VPS, they will perform statutory roles that remain with the state.

Thanks very much for the opportunity to give you that overview and we look for to taking any questions.

**The CHAIR** — My first question is: how many staff are involved in this process? How many will ultimately be transferred? Is there a number known? Is it 100, is it 500, what is the number?

**Mr BRADLEY** — We are expecting at the moment that the number will be 110 staff to be transferred. As we indicated, that is likely to be in two phases within the process — one phase this year and then a second phase of a smaller number of staff next year. So roughly, broadly speaking, around two-thirds of the staff being transferred this year and about a third next year.

**Mr GARWOOD** — Just to add to that, Secretary, the transfer of staff is on a voluntary basis. If staff wish to go to the private provider, then that is a matter for them to actually choose. If they do not, they will remain with the service.

**The CHAIR** — And you are confident there will not be an insufficient number moved with the set of skills? Many in the relevant office have got a specific set of experience and skills.

**Mr BRADLEY** — I might ask Mr Ireson to comment on this as he is working directly with the staff involved. One of the reasons why we are investing so heavily in the consultation process with the CPSU and the consultation going on with our staff is to make sure that we are considering the certainty of entitlements, we are considering the employment arrangements that staff will face, whether they are retained or they transfer to the new provider, with a view to making sure that we have got attractive roles for staff continuing in similar functions after the transaction to their roles today. Mr Ireson can expand on that.

**Mr IRESON** — Thank you, John. As John said, we are still in consultation with the union and staff in terms of the final mix of both the terms and conditions for staff transferring across to the private operator and also the various functions. I think one of the strengths we have in Land Use Victoria is we have a very large pool of very expert staff and through this process we will ensure that we have got the right balance between those staff transferring to the private operator to undertake the administrative tasks, and also those staff staying with the state to undertake the statutory functions.

**The CHAIR** — What issues have you identified in terms of this process that could put at risk the quality of the function that you undertake at the moment?

**Mr IRESON** — In terms of the three groups that are being transferred across to the private operator, as John mentioned, there is the LANDATA group, so they provide all of our property information services, and that group is being transferred as a whole and will continue, through the private operator, to provide those services. So there will not be any change in how those services are delivered. The second group is our Systems group, and again we will be looking at getting the balance right between the Systems staff that transfer to the private operator and those that are retained by the state. One of the things the state still needs to do is approve any change to the registry system. So that is the land titles register and all of the registry functions, and our Systems group that we retain will be doing that, together with undertaking audits of the private operator in relation to the management of our IT systems. The third group that will transfer is the Registration group, which will be undertaking the administrative tasks for the state.

So the types of things that will go across to the private operator are functions that look at reception, cashiers and document distribution, together with the registration preparation functions. So that is doing the preliminary acceptance of documents, an initial examination, entering information to a database, and then through an electronic workflow system that information will be passed across to state and the staff who will then undertake a similar function in terms of examining documents and then registering those transactions and fulfilling their statutory responsibilities.

**The CHAIR** — Are all the titles now on the Torrens system or are there still some pre mid-1860s groups that are still not on that system?

**Mr IRESON** — There are still a very small number of marketable parcels that are on the general law system, and I think the number of parcels that will form that category could be in the order of 2000 to 3000, or thereabouts. We have a program underway to convert those over the next 12 to 18 months to get them onto the Torrens system. So we have been working very closely with local government areas and other organisations to get those titles converted across onto the Torrens system.

**The CHAIR** — And they will be part of the transactions to commercialise as well?

**Mr IRESON** — No, that function will remain with the state. So the components that are staying with the state, as John mentioned, are our subdivision group and our application and survey group. So that is all of the functions associated with plan and survey-based applications, Crown land applications, and also includes the general law conversion activities.

**Mr MULINO** — Just to follow on a bit with the staff numbers, just so I can clarify, you said up to 110 staff would have the opportunity to voluntarily transfer across, and I think you said initially that there were 517 staff across all of the functions. So does that mean when we look at the functions that are being retained there are about 400?

**Mr BRADLEY** — Yes, correct.

**Mr MULINO** — So it is essentially 400 of the 517 that are unaffected by the transaction, and then those 400 staff represent core functions, like the Valuer-General, which are being retained?

**Mr IRESON** — Yes. As per the slide the Secretary showed, you can see all the functions that remain, which are very significant.

**Mr MULINO** — I just have a couple of questions around data security, guarantee of title. We have had a little bit of a discussion in the previous session with DTF about this, but I am just wondering if you could walk us through some of the protections that are being put in place in relation to data security and guarantee of title which has been flagged publicly as an issue.

**Mr BRADLEY** — I might touch on data security and then ask Mr Ireson to speak about the guarantee of title. The first thing to recognise, as alluded to earlier, is that the Department of Treasury and Finance has been working with the Victorian Information Commissioner on the appropriate privacy and security protections through the development of the transaction, and the Information Commissioner would continue to have oversight over the functions after the transaction, and the state will retain control and ownership of all of the registry data. Any of the information accessed by the private operator would be subject to relevant privacy and data protection laws, and they would also be required under the contractual obligations to maintain strict data integrity and security requirements. Ultimately there are strong powers there in the design of the transaction too which provide step-in rights to protect data and enforce compliance with data privacy and protection laws should that be necessary.

In terms of the obligations on that private operator, they are expected to comply with information privacy principles which are in the Privacy and Data Protection Act and all other applicable privacy obligations. So as part of the contract that the private operator is bound by, they would be expected to not only establish, maintain and enforce security measures but also to have an obligation of continuous improvement for their security measures around information and data security. So we would expect the key touchpoints there to be that their IT systems are secure and protected against corruption, that there would be protection against intrusion and data loss and monitoring, that security breaches would be detected, that data is being transmitted securely, that there would be arrangements in place for staff access controls and there is appropriate monitoring around those frameworks. So that would very clearly specify, and as you have heard from the Secretary of the Department of Treasury and Finance, they are core KPIs under the contractual framework for which they face not only financial penalties but other sanctions under the transaction.

If you are open to it, Mr Ireson could speak to the government guarantee.

**Mr IRESON** — So, as you have heard, there is no change to the government guarantee. The majority of cases where the government guarantee comes into play is really if there has been some fraud occur, and that is quite often mortgage fraud. I think the common description of that is generally the ‘evil son-in-law’ that has defrauded and got his hands on some title and borrowed some money from the bank illegally. So there has been an innocent party that has suffered a loss. They can then make a claim on the government guarantee, and then through that process we will try to recover those costs from the fraudster.

There is also an indemnity for errors made through the operations of the Registrar of Titles. These are often small errors that may be a spelling of the name incorrectly that has gone onto the register, and there may be a claim made against the Registrar for that to be corrected. Through this process if it is identified that the private operator was the source of that error, then a claim will be made back against the private operator. As heard from the Secretary of the Department of Treasury and Finance, there is a very strong penalty regime in place, so we will be using that mechanism to claim back against the private operator.

**Mr MULINO** — Thanks, that was useful. Just a couple of very quick follow-ups. On the latter of the two issues — and we discussed this with DTF as you would have observed — you are confident that the retention of the state guarantee will mean that we will not see a need for title insurance as a result of this transaction?

**Mr IRESON** — No, I am not seeing any change at all in relation to that.

**Mr MULINO** — Then just going back to the data issues. There will be requirements on data storage — for example, that it must be in Australia and other kinds of technical constraints that will provide confidence?

**Mr BRADLEY** — There are a range of safeguards, including the requirement that it must be in Australia and that it needs to be maintained within appropriate standards, but one of the other protections worth noting is that any changes to the IT system of the private operator are reviewed by Land Use Victoria's staff. So because we are retaining that capability within Land Use Victoria's staff in that Systems branch that we were referring to earlier, there is quite a deep capability in a position to oversight performance under the contract in relation to those data and security controls.

**Mr IRESON** — Can I just add to that, John? One of the strengths of this particular model is because there is no change to the statutory responsibilities it will be the Registrar that is making all the changes to the land titles register. So from a data integrity point of view that is still in the control of the state.

**Dr RATNAM** — Thanks very much for the presentation. Just in terms of the employment matters that you spoke about earlier, you mentioned in some of the negotiations through the CPSU et cetera that a number of matters have been resolved but there were still a number of outstanding matters. Are you at liberty to talk about what those outstanding matters are?

**Mr BRADLEY** — Is it best for Terry or Ian to speak about that?

**Mr GARWOOD** — Perhaps James, and then I can back it in as well.

**Mr DALLA-RIVA** — Just taking that up, I think you said outstanding matters subject to consultation.

**Mr BRADLEY** — Yes.

**Mr DALLA-RIVA** — And that pricked up my ears as well.

**Mr BRADLEY** — So what we are alluding to there is — and it is reasonably transparent to our staff; there is information available on the questions and answers on the website and we are disclosing our engagement with the CPSU on these issues — you will have heard me go through the range of commitments that have been made in terms of protecting the terms and conditions of employees. As you would expect in the engagement with the CPSU, they have raised issues around some aspects of the entitlements of staff or incentives for staff to be part of this transaction, and they are the issues principally that are still the subject of consultation in good faith with the CPSU in that process. I do not know if Mr Kingsland wants to elaborate on that at the moment.

**Mr KINGSLAND** — Yes, we are consulting under clause 10 of the VPS agreement. In the consultation we have representatives from ourselves, central government and Industrial Relations Victoria. Staff representatives and CPSU representatives are there. So there are a few issues that have been resolved. Certainly the Laverton working group being taken out of the transaction was one of the first. There is the two-year employment guarantee and the two-year terms and conditions guarantee, and I think some of the detailed issues that we are working through at the moment — just the mechanisms by which they occur.

**Dr RATNAM** — On that point around the two-year employment guarantee and the conditions guarantee has there been any discussion — I am intrigued to know what happens after that. I think in lots of privatisations and commercialisations often you have less secure work conditions compared to the public service, and I imagine that is a worry for a number of those employees. Has there been any discussion in those consultations that you have been doing about what happens post-two years and how you would build that into any agreement to ensure that there are as few job losses as possible or deterioration of conditions as possible?

**Mr KINGSLAND** — That is right. Certainly the discussions with the CPSU to date and with the employees have just centred around the two years. I think, as we have discussed, that the onus on the private operator to retain really skilled staff is absolutely there throughout the process, and certainly as we get closer to the

transaction and offers are getting ready to be given to staff any private operator that takes on the contract will need to be able to put a sell to staff that they are a good employer and that they offer a future with them.

**Dr RATNAM** — Is that a condition in terms of the attitude and the amiability of the prospective operator that this is potentially going to be sold to? Is that a high priority in terms of the criteria for the selection of the successful proponent? Are the employment conditions and the long-term employment prospects of the people who are transferred a high priority? I imagine you have a selection criteria or an assessment checklist of who you would prefer your preferred provider to be?

**Mr BRADLEY** — Certainly we expect that the private operator will have a direct interest in making sure that appropriately skilled and qualified staff are not only identified through the matching process but also have an employment arrangement such that they will be motivated to voluntarily transfer, as Mr Garwood was saying. That will be at the election of the staff involved, and so it will be important to the private operator as much as it will be to the state to make sure that we have got the right capability and we are using those expert staff, which Mr Ireson referred to, in that new model. That is one of the reasons why we are being quite practical about making sure we work through these issues with the CPSU in good faith.

**Mr IRESON** — Can I just add something to what John is saying too. If you recall one of the slides that John spoke to, which showed the services the private operator needs to take on and the volumes of transactions that are involved that they will have to continue to deliver on, it will certainly be in their best interest to maintain, look after, enhance, train all the staff that go across with them, because they have to continue to lift those services to the performance standard which the state will actually set.

**Dr RATNAM** — I totally heed that — that it would be in the best interest of any prospective operator to look after their staff well and ensure that it is their highest priority. However, I guess I was asking what are you doing in the transfer to guarantee that as best as possible? We all know that those ideal conditions are not always met, that there are competing commercial interests that erode the goodwill or good faith that a transaction like that might start off with. For example, you have talked about data protection measures, a number of monetary and performance measures that you are going to build into the sale contract. I am just wondering whether the employment conditions is as important as a number of the other things that you have talked about? I am happy to come back to that. That is the intent of my question.

Just in terms of going back to the consultations, you were talking about the consultations around this phase of where we are at in terms of the commercialisation of the service. Was there any consultation prior to even that scoping study, pre the idea crystallising and getting to this point? I imagine that you have got some of the pre-eminent people working in this service, who might move over. They know this service inside out. Were there pre-consultations with them, particularly given that we have had examples of this type of commercialisation in other states. We have learned some lessons, and we have referenced that earlier tonight as well. I suspect that a number of your staff would have ideas, as they have been working in this industry for a long time. Was there any pre-consultation in terms of the validity of this commercialisation done with the staff?

**Mr BRADLEY** — As you would be aware, within the 2017–18 budget the government had announced it was going to proceed to examine this issue and develop the scoping study that was discussed in the last item. As part of that process, our staff within LUV were directly involved in supporting the work done in that scoping study, including drawing on the expertise of our staff to support the examination of those issues. You have heard from the Department of Treasury and Finance that the scoping study did examine the learnings or insights from previous transactions and did seek to build that into the transaction design. Certainly our staff and the expertise of our staff was an important contributor to identifying some of those aspects of the transaction that we think provide really strong safeguards now, whether it is the security of the data and information privacy issues that we have referred to, or it is the maintenance of the role of the Registrar in its statutory decision-making and the control around our IT systems. Those issues are reflecting, if you like, the working knowledge of staff from LUV that helped to develop the scoping study process.

**Dr RATNAM** — Thank you. If that did inform the scoping study process and has happened alongside that and part of it, are you at liberty to talk about whether there was an overwhelming sense either way from those staff consulted about this proposition in terms of the commercialisation of this asset to the service based on all that evidence and the prior experience of other states? Was there an overwhelming sense about whether they were supportive of this form of commercialisation of this work that they do?

**Mr BRADLEY** — Our staff that were involved in that process were involved in examining the options by which this could be progressed and how we could make sure that the state retain the appropriate level of security around those key issues that it was seeking to safeguard. They have been focused, as you have heard from our testimony earlier, on making sure that post the transaction there is not only the ability for a successful transaction in which the private operator has a working model that has got expertise and capability in terms of the new services provided, but also, given the statutory function and the statutory obligations of the state to support the Torrens system remain, that the state has the capability to discharge its statutory functions. So our staff have been focused, if you like, in their input into that process on the outcomes of the model and making sure that we have safeguarded all the benefits of service, while also creating the opportunities for innovation in relation to those new potential services that were referred to previously and the increasing improvements to digitisation and information technology platforms that support these functions.

**Dr RATNAM** — One final question, if I may, in reference to your earlier statement talking about some of the mechanisms or infrastructure you are building to ensure there is appropriate oversight of the performance controls and the security measures, you were talking about quite heavy sanctions and building in quite strong architecture on that front to ensure that you do not get these breaches et cetera. From the lessons of previous commercialisations, we often see that when aspects of services are commercialised you get new service levels, you often get increased costs, and I know that has been talked about in some of the background information. Often after the fact there is that punitive approach of the consequences once you make the error as opposed to the prevention side of it. Are you all satisfied the prevention aspects of it are strong enough to mitigate a huge data security breach, for example? It is all well and good to talk about there being heavy sanctions and your hope that the sanctions will be heavy enough to deter and make sure any provider will never breach that point, but are you satisfied that some of the measures put in place are strong enough to prevent it from happening in the first place?

**Mr IRESON** — Yes. Just going back to what I said earlier, I think one of the strengths of this model is it is the Land Use Victoria staff that are going across to the private operator, with the expertise they have in all areas of the transaction that are being transferred across. Land Use Victoria already has what I would say are some of the best systems in Australia for registration and information provision, and those arrangements will be retained going forward through the private operator and also strengthened through some of the obligations being put on the private operator through the concession deed.

**Mr GARWOOD** — If I could just add as well, Ian, I put it to you like this: our staff are really, if you like, custodians of the Torrens land title system. That is the reality. With ourselves in DELWP and Land Use Victoria and our colleagues in DTF there has been an intensely collaborative process here because we want to make sure that this works and works well. You can see how the proposal has now been shaped in the way in which it is presented. So for us it is really a transfer of non-statutory, administrative functions to a private operator, with strong safeguards around system integrity, privacy and security, costs and fees, service levels, including innovation spends, that ensures the state retains all of the statutory functions — all of them are retained, including the guarantee of title — delivers proceeds into the state for investment into productive infrastructure and learns off the lessons of South Australia and New South Wales in a way in which we present a transaction that is also attractive to the market. That is in a nutshell what is taking place here in the way in which it has been shaped between ourselves in LUV and our colleagues in DTF.

**Mr DALLA-RIVA** — Thanks again for the presentation. Can I ask you to go back to one of the charts about commercialised and retained functions. I just wanted to get some clarity for our report. You have 110 staff there. What is the number of staff currently? What I wanted to do is get a breakdown of the numbers of staff. So rather than 110 effective, what is in LANDATA, what is Systems?

**Mr IRESON** — As John mentioned, the transfers are occurring in two stages. There is a stage 1 around the end of September this year and then stage 2 in October next year. It is probably easier to tell you what the end numbers will be.

**Mr DALLA-RIVA** — Yes, that is right. I am happy for the end number.

**The CHAIR** — What is there now?

**Mr DALLA-RIVA** — Yes. What is there now? That is what I am after. If I was to walk down to LANDATA, what is the number of people in LANDATA?

**Mr IRESON** — So 18.

**Mr DALLA-RIVA** — Eighteen. All right.

**Mr IRESON** — And there will be 18 transferring. In Systems there will be 44 positions created across the private operator. We currently have 44 staff. So we are going to make sure we get that mix of skills from both what is retained in the state and what goes across to the private operator. And in the Registration area —

**Mr DALLA-RIVA** — You better hope this makes it 110.

**Mr GARWOOD** — We have already added it up.

**Mr IRESON** — It will be 48.

**Mr DALLA-RIVA** — I am just pre-warning you.

**Mr IRESON** — It will be 48 in the private operator.

**Mr DALLA-RIVA** — So there are currently 48 in Registration.

**Mr IRESON** — Forty-eight will end up going across the private operator.

**Mr DALLA-RIVA** — Yes. And what is currently there?

**Mr IRESON** — We currently have —

**Mr DALLA-RIVA** — If you do not have it on you, you can take it on notice, but if you have got it.

**Mr IRESON** — I am being a little bit cautious because we have a bit of a mix of Victorian public servants and contractors.

**Mr DALLA-RIVA** — I am happy for you to take it on notice.

**Mr IRESON** — It takes 94 in total.

**Mr DALLA-RIVA** — It would be better if you have the accurate figure rather than make up a number.

**Mr GARWOOD** — There are already contractors there.

**Mr IRESON** — Yes. So one of the things, just to explain that, is we have been going through a very extensive program to have transactions done electronically, so using electronic conveyancing. We have been managing the shift to electronic conveyancing by using contractors to undertake some of the administrative tasks already. As volumes have ramped up across the state, we have gone from 700 000 transactions a couple of years ago and this year we are likely to get around 900 000 transactions. So we have put contractors into some of those administrative roles, around the cashiers, reception and call centre arrangements, to ensure that the Registration office are continuing to undertake statutory functions. So the total staff we have at the moment, which is 94, includes a small number of contractors. As we move this through the process, those contractors will be reduced.

**The CHAIR** — My other point is how many of those 900 000 transactions are fully electronic?

**Mr IRESON** — Last month around 50 per cent were coming in electronically. In October this year we are hoping that will get to around 70 per cent. We are looking at having about 100 per cent coming in electronically by August 2019. Now, there will be a lag with some of those electronic transactions coming in because it is any transactions signed on or after 1 August, so there is often a month or two months lag. There will be a small exception of things that do not quite fit the 100 per cent. Do-it-yourself conveyancers will still be able to do their conveyancing on paper.

**Mr BRADLEY** — Maybe just to expand on that, we talked about the two phases of the staff transfers earlier. The reason for that second phase happening in around October 2019, or after October 2019, is to get us

through that stage of 100 per cent online electronic conveyancing in August 2019. That is the logic of this timing.

**Mr DALLA-RIVA** — Just a theme in terms of the scoping study that was undertaken, and you probably would have been here when the previous discussion was held, as part of that scoping study you would have been involved in that?

**Mr BRADLEY** — Supporting the scoping study, yes, as we have said.

**Mr DALLA-RIVA** — You would have been on that. Hopefully you will say yes.

**Mr IRESON** — Yes.

**Mr DALLA-RIVA** — As part of that did DELWP have a favourite model that they proposed and put up? Was there a particular model? Before I get to that I just want to ask this question of Land Use Victoria. I certainly do not want to use the Transport Victoria model of just having a junket over to Germany — and those who follow politics would understand what I am talking about. Did Land Use Victoria visit other jurisdictions — for example, South Australia and New South Wales — and did you also undertake a study or investigate or discuss with the Canadians? I note there was also an attempt in the UK and Nova Scotia. Were there any other processes? Maybe the Secretary or Ian can tell me. But was there some additional work that you did that was above and beyond the scope of the study?

**Mr IRESON** — As has been mentioned, we provided a lot of input into the scoping study around the operations of Land Use Victoria, in particular Land Registry Services, around our various IT projects —

**The CHAIR** — Ian, you might just pull that microphone closer to you so that we can hear, particularly Hansard.

**Mr IRESON** — Sorry — and so how our various IT projects work et cetera and how our services work. The former Registrar of Titles and I did visit New South Wales and also South Australia. When we went to New South Wales, they had announced their commercialisation and they were still going through the process of getting that set up because they only commenced their commercialisation on 1 July 2017. We also visited South Australia and spoke to the Registrar there — they were in the middle of the process of their scoping study — and got learnings from them about the process they were going through.

In relation to international, we have an annual registrars conference, which includes international visitors. Regularly at those conferences delegates from the UK and Canada give us updates in relation to their commercialisations and the benefits or issues they have had around and through that process, so they were also taken on board with vetting and the scoping study process.

**Mr DALLA-RIVA** — And the models that were proposed — did you have a model that was worked? Often departments will have a model that they will put up as part of the interdepartmental processes of the programs. Did you have a model that you proposed to the scoping study or indeed to the Department of Treasury and Finance?

**Mr BRADLEY** — No, our role was more to provide, if you like, a technical assessment of the options available. How would it be implemented? Looking at this model, what kind of certainties or level of confidence would the state require in relation to the security of the system in relation to the implementation of the statutory functions and whether or not they could be maintained in a model which relied on a private operator as structured? How would we make sure that we retained, say, step-in rights in relation to managing data security? So it was more analysing, if you like, the implementation and the Department making sure that it had secured its interest in an ongoing system with high integrity that is supporting land title transactions in Victoria.

**Mr DALLA-RIVA** — Thank you.

**Ms BATH** — For the record, will there be in the contract of sale a clause tucked in there that will require that up to 110 people can be transferred across to the new entity?

**Mr BRADLEY** — I am happy to try and answer that, and if you would like to expand or clarify anything I say, Ian, please feel free to do so.

The transaction will make clear the process for establishing the staffing establishment of the new entity once acquired by the private operator after the transaction. As part of that, as you have heard from Ian — and we will provide more information through that question we took on notice about the current state versus the future state — we have identified those 110 positions as likely to be transferred.

There will be a position-matching process that we will go through. We have made that explicit to staff and the CPSU. We will identify which of those positions align to the functions of work that will be transferred to the new entity. Certainly that establishment and the staff establishment would be part of the transaction that is undertaken and part of the contractual framework and obligations, if you like, that are put in place on both parties as part of the transaction. That will then be governed of course by the service obligations of the private operator that we have discussed in relation to those key performance indicators that are going to be then managing the performance with which they provide the service under the transaction.

**Ms BATH** — From that I am reading that within the contract what we do not want to see is that money to be paid across — I guess, a commitment to be given — and then potentially the employees actually not reaching their destination if they so wish to go there.

**Mr IRESON** — I will add to that. There is a process to go through once the new private operator is known where the private operator will make offers to the staff that have been identified through that matching process, and then it is for the staff to confirm that they accept going across to that private operator. So that is a process that happens once the private operator is known.

**Ms BATH** — Thank you. You mentioned that Land Use Victoria has approximately slightly over 500 staff. Are they all based in Melbourne?

**Mr IRESON** — Yes. There are a couple of valuers that are in the region, but 500 would be located in Melbourne, and some at Laverton; there are also a small number at Laverton.

**Ms BATH** — Melbourne and environs. Right you are.

**Mr IRESON** — Yes.

**Ms BATH** — That is good. I guess my thought around that was that if you are going to sell it to a private operator, they may be based in a location and the distance to travel, if you have regionally based employees, would not serve those employees.

**Mr BRADLEY** — We can provide confirmation that in relation to the employees that are the subject of the transfer they would all be Melbourne based. The Laverton office is going to be excluded, but they will all be Melbourne based. The valuers that we were referring to are obviously unaffected by the transaction because the Valuer-General function will be retained by the state.

**Mr IRESON** — There will be an obligation on the private operator at the commencement of the contract to have premises in Melbourne for the first two years of the contract, and that commencement will be at 2 Lonsdale Street, where we are currently located, and they must always maintain a premise in Melbourne.

**Ms BATH** — That was going to be my next question — can they go offshore, can they go interstate?

**Mr IRESON** — No, if they move, they have to be in Victoria, but the initial two-year period requires them to be located in the Melbourne CBD area.

**Ms BATH** — Thank you. The last question is: for this privatisation to happen there must be an end point — I am assuming it is not just a financial gain that the government is looking at; I am assuming there will be an end point benefit to the consumer, to the landholder, to the business owner or to the ratepayer — could you identify some of those benefits that you can see, by privatising this part, to the end point user? Will we as citizens not know any different or will we see a benefit at the end of this?

**Mr BRADLEY** — Do you want to begin and I might supplement?

**Mr IRESON** — Certainly. I think one of the strengths again of this particular model is that because the statutory functions are remaining with the Registrar, the Registrar is in a position to direct the private operator to

make enhancements and improvements to systems over the course of the journey. The private operator will also be required to provide an innovation plan during the course of the contract, and those innovations will be taken up by the state if they meet security, integrity et cetera.

With the digitisation that we have spoken about, there are opportunities to further improve and enhance the service delivery requirements. Currently we are required to register transactions — 95 per cent within five days. As we get more and more transactions coming through electronically those service delivery improvements will be a lot faster. With some of our transactions today we are doing them within 5 minutes, so I would expect that sort of improvement in the service delivery to continue.

**Ms BATH** — Thank you. I guess following on from that, if the government makes new legislation that changes the operation of the land titles — for example, going from two years to annual valuations, and the new entity says, ‘Well, we really don’t think that’s going to be efficient or serviceable’ — all of those things — what negotiation or pushback are they required under law to implement, even if they do not feel that the end user is going to benefit?

**Mr IRESON** — Just to clarify, the centralised and annualised valuations are undertaken by the Valuer-General. That is not in the scope of this transaction, so we can put them to one side. If you come back to other —

**The CHAIR** — But the data that is there that is collected may well be hooked into by this group.

**Mr IRESON** — Yes. One of the products that is provided out through the LANDATA group is valuation and property sales information. So there will be an arrangement to continue with the Valuer-General and the LANDATA group to continue to provide those services. So the private operator will continue to provide those particular services and will need to seek the approval of the Valuer-General should they wish to change any of those products.

In relation to what I think your broader question was: should the government change legislation which in some way impacts on the arrangement in the concession deed, there are clauses within the concession deed to actually deal with that, whether that means an adjustment to the fees or the pricing et cetera.

**Mr BRADLEY** — Can I just confirm though in relation to that discussion around data that, as we said earlier, the state would control and continue to own the data in this transaction, and obviously the Valuer-General’s functions are unchanged, so we do not see a risk there to the relationship between the control and ownership of data in the titles office and the Valuer-General in that subsequent post-transaction period.

**The CHAIR** — But in the whole cluster of data, the Valuer’s now annual data will be in that pool.

**Mr IRESON** — It currently is not in that pool. Currently we have not provided valuation data as a product out through the LANDATA services, but that is an opportunity that we have been looking at. The state has actually been looking at that, and that may become a product.

**The CHAIR** — We will come back and ask the Valuer about that, but just in conclusion, Richard raised the point about whether the Auditor-General will be able to examine this particular transaction, firstly, and whether he will have oversight into the contract and into the private operator.

**Mr BRADLEY** — Absolutely, and because there is no change to the statutory function, then the performance of Land Use Victoria, including this service, will continue to be —

**The CHAIR** — Including these services provided by the private group.

**Mr BRADLEY** — And effectively those services are a provision of a preparatory service for the registry functions that are still administered by the state and still those statutory functions being administered by the state, so the Auditor-General would have overview of the continuing statutory functions.

**The CHAIR** — He still will be able to stroll the floors and see the purple areas there and inspect the books, as it were, amongst those sections.

**Mr BRADLEY** — Ian, you may want to clarify or supplement, but the issue is that effectively the outsource services are providing preparatory activity that is then —

**The CHAIR** — So the answer is no? The answer is no, or the answer is yes?

**Mr BRADLEY** — Ultimately the Auditor-General has oversight over the continuing functions that remain with the state. In relation to the way the state procures these services and the contracting with that outsource provider, that also is the subject of the Auditor-General's oversight. I would have to take on notice, if you like, any further commentary around the scope of the Auditor-General's function in relation to the private operator. I would be happy to give you a response in writing on that.

**The CHAIR** — Thank you. The final point that was just raised a minute ago is just about the ICT, the digitisation project, and I am quite familiar with how this has operated. It has taken a long while, if I can put it that way. Will the new group, presuming this proceeds, be able to offer alternative electronic products? Will they be able to have some different software to do this task? Could, for example, Google get in there with their own material — or you can insert whichever brand you wish?

**Mr IRESO**N — With electronic conveyancing — I think that is what you are talking about — there is national legislation which controls how electronic conveyancing works and there are a set of requirements that sit around that. The first part of that is that anyone wishing to provide an electronic conveyancing service must become an Electronic Lodgement Network Operator and comply with the legislation for that. The Registrar has the responsibility to approve those applications.

**The CHAIR** — Just to inform my colleagues, the legislation, I think, is state legislation that is mirrored around the jurisdictions.

**Mr IRESO**N — State legislation mirrored, yes.

**The CHAIR** — That does not quite answer my question. As long as it complies with those aspects, I think the answer you are giving is, yes, they could seek to insert different ICT products.

**Mr IRESO**N — We would have to look at whether there needs to be ring fencing because of their monopoly position in terms of the data they have access to, so I think I would rather not answer that question at the moment and actually take that on notice and get back to you.

**The CHAIR** — But it is quite conceivable that a good case could be put — a new product or whatever.

**Mr IRESO**N — In the nature of what we are looking at here in relation to delivering the service I do not think that would be likely.

**Mr MULINO** — Just a quick follow-up on questions that Ms Bath and the Chair raised around the Valuer-General. There are a series of functions under Strategic Land Assessment and Information. We have been discussing, for example, policy debates this year around frequency of valuation, but in the previous evidence from DTF it was framed that the Valuer-General's activities are basically going to continue to operate within legislative and policy structures before and after the transaction. Would you say it is fair to say that the Valuer-General's functioning will not be affected by this transaction?

**Mr IRESO**N — That is correct.

**The CHAIR** — Thank you, gentlemen, for your contribution and your assistance.

**Mr IRESO**N — Thank you for the opportunity.

**Witnesses withdrew.**