



Office of the Chief Executive

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Dear Mr Rowe

**Landgate Response: Inquiry into Microeconomic Reform in Western Australia  
– Issues Paper August 2013**

Thank you for the opportunity to respond to the Economic Regulation Authority's Inquiry into Microeconomic Reform in Western Australia - Issues Paper. It is noted that the Issues Paper is the first stage of an Inquiry Process being undertaken by the ERA that is seeking submissions on potential microeconomic reforms.

Our response to the Issues Paper (attached) provides an overview of the key reforms that Landgate has underway or planned. These reforms can be used as exemplars across the Public Sector, and in some cases applied to other sectors of the Western Australian economy.

Please contact Lara Bandarian, Director Policy and Legislative Reform, if you require further information regarding our submission.

We look forward to providing further input into this important Inquiry Process.

Yours sincerely

**Jodi Cant**  
**A/CHIEF EXECUTIVE**

19 September 2013

Att

## **Inquiry into Microeconomic Reform in Western Australia**

### **Response by Landgate to the ERA Issues Paper, August 2013**

Landgate is currently undertaking, and has planned, numerous reform initiatives that will contribute to delivering the following outcomes for the State:

- 1. Improved productivity and flexibility of the Western Australian economy*
- 2. Increased choice for consumers and businesses*
- 3. Increased prospects for Western Australian businesses to compete here and overseas*
- 4. Removal or streamlining of unnecessary regulation*

This response provides an overview of these reforms which may be used as exemplars across the Public Sector, and in some cases applied to other sectors to deliver broad microeconomic reform.

#### **Pricing Reform**

In 2012, the inaugural review of the *Land Information Authority Act 2006* (LIA Act) identified the costing and pricing of Landgate's products and services as a significant issue causing a number of problems impacting performance, financial sustainability and efficiency. Since then, Landgate has placed a high priority on reforming and modernising its costing and pricing framework.

The priority elements of the reform have been updating the corporate cost model to more accurately reflect current operating costs, and exploring regulatory and policy changes to enable Landgate to replace the existing and restrictive regulated fee setting approach which is based on cost recovery. Setting fees at cost recovery does not provide an incentive for agencies to pursue operating efficiencies, as savings cannot be retained by the agency to deliver further improvements. Instead, they are passed on to consumers, often as immaterial fee reductions.

The proposed reforms will enable Landgate to further contribute to addressing WA's fiscal challenges, including reducing State Net Debt and meeting efficiency dividends. The reforms will:

- Lead to reduced costs for consumers;
- Deliver increased revenue to the State; and
- Enable Landgate to reinvest savings to deliver significant public policy benefits for WA.

Landgate will make a submission to Cabinet in late 2013 seeking approval to draft legislation to enable revenue surpluses from operating efficiencies to be retained. These surpluses will then be carefully reinvested in accordance with Landgate's Strategic Development Plan.

Landgate's pricing reform could be used by the Department of Treasury as an exemplar to progress broader costing and funding reform across the Public Sector.

#### **Location Information Strategy for Western Australia**

In 2011, State Cabinet approved the Location Information Strategy for WA (LIS). In doing so, the following principles were endorsed to effectively manage location information in the Public Sector:

1. Location Information is only collected once to avoid duplication and made readily available to support the functions of Government;
2. Location information is consolidated and accessed in the most cost effective way through the Shared Location Information Platform (SLIP);

3. All current and planned capture proposals of location information using Government funds will be provided by Public Sector agencies to Landgate in order to identify and prioritise opportunities for strategic investment in the capture of this information; and
4. Benefits of government and industry R&D investment in location information and technology will be applied to create a competitive advantage for WA and to support the State's strategic needs – maximising the value of this investment for the State.

The principles for management of location information in the Public Sector outlined above promote coordination of location information and technology under the LIS in order to avoid duplication of effort and investment in this area. Other benefits include improved efficiency and flexibility:

- Through the State Land Information Capture Program, millions of dollars in investment in the capture of location information (such as aerial and satellite photography) across WA and Local Government is being coordinated by Landgate. This is saving hundreds of thousands of dollars by avoiding duplication and reducing costs through a panel contract arrangement.
- The Regional and Urban Scenario Planning project under the LIS is improving the capability of the State's planning system to utilise forecasts for future demand for infrastructure and services, and model the outcomes of various scenarios for future development of the State. This approach is being implemented in partnership with State agencies, Regional Development Commissions and other stakeholders in planning.
- Since 2007, SLIP has saved both the public and private sectors' money by making it easier to access location information from around 40 organisations via a common platform. SLIP is now being enhanced through the LIS to make it even easier and more cost effective to publish and share location information. Google Maps Engine was selected for the new SLIP Future as it is familiar to most end users and it does not rely on geographic information system (GIS) expertise to access the information. This means better access to more reliable and relevant information when needed, to underpin planning and decision making.

By adopting a cloud-based solution, significant ongoing investment in infrastructure is avoided. Preliminary high level estimates indicate that using SLIP Future may incur around 25% of the approximate implementation costs of a traditional GIS solution in a 'Greenfields' State Government site. For example, \$250k for using SLIP Future versus \$1 million for implementing a Greenfields site. This could deliver significant savings across multiple sites.

#### Location and Innovation Services Hub

By 2017/18, Landgate will be the State Government's Location and Innovation Services Hub (the Hub), providing authoritative location information and partnering with industry to deliver high value solutions for customers. Building on the foundations being laid by the LIS, the Hub will further reduce duplication and streamline location information management across the State.

The Hub will support the needs of Western Australians through a combination of governance, infrastructure, innovation and research and development. Opportunities will be provided for strategic partnerships in areas that deliver returns to Landgate and the State and unlock value for the whole community.

#### National Electronic Conveyancing System (NECS)

The establishment of NECS is an initiative of the Council of Australian Governments to provide a single national online facility for electronic conveyancing in Australia. Government and industry have joined forces to cooperatively develop the NECS to automate a once heavily manual

conveyancing process. Participants of the NECS include land registries, financial institutions, solicitors, conveyancers, purchasers and vendors. Landgate is both a participant, and on behalf of the State Government, a shareholder in National e-Conveyancing Development Limited, the company delivering the NECS.

The benefits of the NECS are tremendous for all participants: new electronic operations will enhance the customer experience, deliver micro-economic reform, provide savings to the conveyancing community and reduce costs for consumers when conducting property transactions. It has been estimated that a total of \$220m - \$248m per year of benefits will be realised across all participants<sup>1</sup>. WA will 'go live' in March 2014, following Victoria, NSW and Queensland and the four major banks.

### National Land Registry Reform

The success of the NECS has highlighted further opportunities for national land registry reform, to contribute to the delivery of a seamless national economy. For example, NSW's Land and Property Information agency is considering alternative service delivery and sourcing models to deliver a range of property services currently undertaken by the NSW Government including valuations, land titling and mapping.

Such a proposal provides the potential to expand and commercialise services, increase opportunities for business, reduce costs for consumers, and raise revenues for the State. Landgate, on behalf of WA, is considering ways to respond to this and similar opportunities, leveraging its expertise and skills in delivering and managing these services.

### Legislative Reform

Landgate is undertaking a program of reform that will modernise its legislative framework, contributing to improved productivity and flexibility, increased choices for industry and consumers, and streamlined regulation and legislation. Potential reforms include:

- Tenure reform to the *Strata Titles Act 1985* (STA Act) to enable more flexibility in strata developments (e.g. mixed use developments) and broader reform to modernise, simplify and streamline the STA Act. As WA's population grows, the use of strata developments will increase, and streamlined legislation to support industry and community needs will facilitate and enable affordable and innovative housing to meet the growing demand.
- Enabling more sustainable funding of WA's critical Fundamental Land Information that underpins Government planning and investment decisions. This will improve across government information access, and reduce red tape and overall costs to government.
- Repeal of old Acts administered by Landgate, some of which are more than 150 years old. A review may reveal that some legislation is no longer relevant, and perhaps with minor amendments to other acts, could be repealed.

### Building Commercial Acumen

Since becoming a Statutory Authority in 2007, Landgate has built its commercial acumen: the knowledge and understanding of its financial, accounting, marketing and operational functions. Being able to view situations from a business or commercial perspective is not a capability intrinsic to government entities and Landgate is not alone in needing to build this. Commercial acumen has been applied to achieve Landgate's objectives and goals: improving the way its statutory functions

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<sup>1</sup> *National e-Conveyancing Development Limited 2013 Business Plan, page 14, May 2013.*

are delivered; the suitability of products and services for its markets; and ensuring a fair commercial return to the State on its investments.

Government entities with both commercial and statutory objectives may struggle with ensuring commercial activities do not negatively impact core business, or distract efforts from driving efficiencies in statutory activities. Competing as a 'business' and being 'customer centric' in this context is challenging, as the shareholder has different expectations to those of a commercial business. There is opportunity for Public Sector reform in this area: to build commercial acumen generally; and ensure a clearer delineation between commercial and State requirements.

### System and Service Reform

Landgate plans to undertake major corporate system and service reforms. This work will identify different business operating models to transform service delivery, consistent with the reform that is encouraged by Professor Peter Shergold to transform how the public service views itself and the services it delivers<sup>2</sup>. Landgate's reforms will include changing current work practices, favouring system configuration over customisation and focusing on outcomes rather than process. Efficiencies gained will be redirected to business priorities or reduce resourcing requirements.

Like some other Government agencies, Landgate's existing IT systems' environment is ageing and complex, due to the introduction of different technologies over many years. As a priority, Landgate will update its IT environment so it is less complex, more cost effective and supports future service delivery and change. Preference will be to shift IT systems to appropriate cloud-based, externally resourced and/or remotely hosted environments while maintaining their integrity and security. The main principles are to move from the current systems to a largely Greenfields environment while maintaining business continuity and customer service throughout the transition.

### Broad Public Sector Reform Opportunities

There are other ways to improve the efficiency, productivity and services delivered by the Public Sector. This could be achieved with continued reform in the following areas:

- Consideration and adoption of alternative service delivery models across the Sector.
- Review and implementation of more effective key performance indicators (KPIs) that are flexible and reflect the changing goals of agencies. More specific, measurable and relevant KPIs will drive behaviour and process change, and improve agency performance.
- More effective capital utilisation, including efficient use of all of the inputs (labour, capital and land) to deliver public services in the State.

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<sup>2</sup> *Public Service Transformed*, IPAA presentation 23 May 2013.