

Hon Tom Koutsantonis MP

Treasurer

Thursday, 10 August 2017

Land Services SA appointed as the exclusive service provider for land services

Land Services SA has been appointed as the exclusive service provider for South Australia's transactional land services.

The Government will receive \$1.605 billion in an upfront payment which includes certain optionality for the life of the contract. The commercial details of the contract are confidential.

The Government also will receive an ongoing royalty stream that can be invested in critical infrastructure and essential services benefitting all South Australians.

The contract includes a commitment by Land Services SA to establish an Innovation Hub in Adelaide, provide \$35 million in ICT investment in South Australia and to work with local digital start-ups. Land Services SA will accelerate innovation and investment in transactional land services and functions as it will be investing in major ICT systems and bringing new product offerings to market.

Land Services SA comprises globally recognised investors Macquarie Infrastructure and Real Assets and the Public Sector Pension Investment Board, which both enjoy distinguished track records of long term investing in the provision of essential services.

Land Services SA is a highly qualified provider with significant technology and change management experience. Land Services SA will adopt the existing Lands Titles Office information technology systems.

Under the commercial contract, the government retains key legal, policy and regulatory functions and responsibilities while the private sector takes over processing of transactions for the next 40 years.

Government will continue to set prescribed fees and charges for land services.

The change will:

- Reduce future operating costs to government and drive innovation in customer service.
- Promote investment in systems and reduce risks to government in future ICT upgrades.

The new service provider is expected to make offers of employment to a significant number of staff currently perform transactional land services.

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The majority of remaining staff will either assist with the transition to the new service provider or be placed in positions for functions retained by government following consultation which is underway. A small number may be placed in alternative positions in the SA Public Sector or managed in accordance with usual Government practice.

The appointment of Land Services SA is the result of an open, competitive, multi-stage selection process which included strong legal and probity oversight.

Land Services SA submitted a binding bid that compares favourably with other land registry transactions, including the recent commercialisation in NSW.

Background

The Treasurer announced the Government's intention to commercialise a range of transactional land services and functions in the 2016-17 State Budget.

At this time, the Government undertook that key protections for the public of South Australia would be put in place – these protections are either enshrined in South Australian legislation or the binding contracts with Land Services SA and include:

- The Government continuing to guarantee indefeasibility of property title, supported by the statutory assurance fund;
- There will be no change to Torrens Title or other legal status of land;
- The Government retaining key legal, policy and regulatory functions and responsibilities;
- The Registrar-General, Valuer-General and the Surveyor-General continuing as statutory officers;
- The Government will continue to set regulated fees and charges with no changes other than the standard annual increases applied;
- The Government retaining ownership of titling and valuation data and associated intellectual property;
- Stringent service delivery standards, data security and privacy protections –with penalties, up to termination of the contract, for breaches;
- Maintaining existing terrestrial and online access arrangements, including the Adelaide office of the LTO and over-the-counter services.

Land Services SA will progressively assume responsibility for land registry and property valuation services during the coming months, with exclusive rights to commercialise related data, subject to Government approvals.

About MIRA

Macquarie Infrastructure & Real Assets (MIRA) is part of the Macquarie Asset Management

Group, the asset management arm of Macquarie Group, a diversified financial group providing clients with asset management, banking, advisory and risk and capital solutions across debt, equity and commodities.

About the Public Sector Pension Investment Board

The Public Sector Pension Investment Board is one of Canada's largest pension investment managers with C\$135.6 billion of net assets under management. It manages a diversified global portfolio composed of investments in public financial markets, private equity, real estate, infrastructure, natural resources and private debt.

Quotes attributable to Treasurer Tom Koutsantonis

I am very pleased to announce the appointment of Land Services SA to provide the State with a range of land services for a 40 year concession period – these services cover both lands titling and land valuation activities.

The sale will deliver the State an upfront return of \$1.605 billion now plus a considerable on-going royalties stream over the concession period. This is an absolutely outstanding result for the State.

I am also very pleased to say that all protections for the people of South Australia, that I announced in last year's budget, will be achieved, including indefeasibility of title, continuation of the current fees and charges regime, strong protections for privacy and data security, and maintaining current service delivery standards.

South Australians will notice no change in the services they receive through these functions.

I welcome the fact that debt funding for the transaction has been provided by leading national and international banks.

Clearly, South Australia is a very attractive investment destination for financial institutions with this deal involving three of the five major banks which are subject to the South Australian Major Bank Levy.

Land Services SA plan to provide \$35 million in ICT investment in South Australia over 5 years and to work with local digital start-ups will contribute to this effort. This is a significant amount of investment and will contribute strongly to jobs growth in this State.

I'd like to thank the workers and the union for their patience throughout this process and am pleased that this announcement can provide some clarity and certainty about the future for employees of the Lands Titles Office and the State Valuation Office.