

The Direction of Land Titles: Issues & Opportunities

Issue Summary:

The Government of Alberta is considering privatizing or outsourcing the existing Land Titles system as part of a review that is currently underway.

Who's Affected

- The general public
- Industry professionals who use the system daily to serve the public, including:
 - More than 10,000 REALTORS® province-wide
 - Mortgage brokers
 - Lawyers
 - Land Surveyors

AREA's Position on Outsourcing or Privatization of Land Titles system:

- Given the strength of the current system and the fundamental protections it offers Albertans, we ideally would like to see this system continue to be controlled and operated by the Government of Alberta, with funds set aside from revenues generated to maintain and improve the system, as needed.
- Should the provincial government pursue outsourcing or privatization, a number of considerations would need to be taken into account, including integrity and security of data, and availability and cost of documents.
- Regardless of which route the government chooses to take with respect to the future of Land Titles in Alberta, we feel it is crucial that industry professionals – those who use the system on a daily basis to serve Albertans – are meaningfully consulted prior to any decisions being made.
- AREA's views above are shared by the Alberta Land Surveyors Association (ALSA), the Law Society of Alberta (LSA), the Real Estate Council of Alberta (RECA) and the Alberta Mortgage Brokers Association (AMBA).
- Continuing government operation of Land Titles would facilitate leveraging it into one, centralized province-wide system, where all property records (e.g. property-related permits, condominium documents, MGO history, environmental assessments, New Home Warranties, etc.) are recorded and maintained, creating convenience, transparency, increased reliability and an enhanced level of service for Albertans while generating additional revenue for the Government of Alberta.

(See **Opportunities and Proposed Solutions** for additional detail.)

Background

- The current system is a highly reliable and cost effective Land Titles service which utilizes "SPIN2" technology to provide easily searchable and accessible service to Albertans. The Land Titles data is publicly owned and the government guarantees titles to those included in the register.
- The system currently provides title documents at an affordable starting cost of \$10 per title while still providing sizeable revenues for the government of approximately \$75 million annually. The system reportedly generated \$66.2 million against \$12 million in expenses in 2011.

The Direction of Land Titles: Issues & Opportunities (cont.)

Concerns

When considering outsourcing or privatization, key considerations that reflect the concerns of Alberta REALTORS®, among others, include:

- How can we be assured that public interest will take precedence over profits and shareholder interest?
- How can we ensure the same seamless access to data that Albertans enjoy today?
- How can we ensure land titles usage fees continue to be affordable for consumers and industry?
- What assurances will we have against fraud?
- How can we ensure digitized maps stay up-to-date?
- What opportunities will exist to attach additional property-related information to title without added costs?

Opportunities & Proposed Solutions

- **Meaningful Industry Consultation:** Schedule a forum for discussion and dialogue with the industry professionals who use the system daily to serve Albertans.
- **Leveraging the Existing System:** Use the review as an opportunity to enhance the use of the robust Land Titles system by incorporating property information stored and managed separately by municipalities. The result would be one, centralized system where all property records (e.g. property-related permits, condominium documents, MGO history, environmental assessments, New Home Warranties) are recorded and maintained, creating convenience, transparency, increased reliability and an enhanced level of service for Albertans while generating additional revenue for the Government of Alberta.
 - Establish a sharing agreement between the levels of government, with each municipality still responsible for issuing and filing permits, but, instead of filing in its own independent database, the municipality would simply upload the information to the central database.
 - Each time a document is requested that was issued by the municipality, similar to a Land Titles search, the associated retrieval fee would be allocated between the municipality and the Government of Alberta, according to a revenue sharing agreement.
 - Municipalities would no longer have to house these documents in situ and could rely on access via the Province, increasing reliability of the system and information.

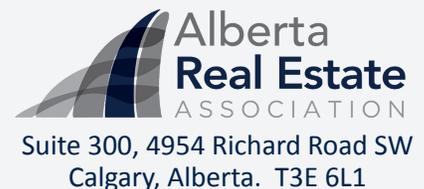
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