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A Review of Public-Private Partnerships in Land Administration

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Abstract

This paper reviews experiences in public-private partnership in land administration and provides lessons learnt from these partnerships. As the information technology evolves, the commercial opportunities that can be derived from the land information generated in land administration increases. The opportunities invite governments that are in need of capital to reform/establish land administration systems by involving the private sector. It also attracts the private sector to invest in public services that are commercially rewarding.

The review results suggest several factors contribute to the success of a PPP in land administration. The factors encompass political will of the public sector and government, support by the community of stakeholders, transparency in the bidding process and documents, a clear set of expectations from the partnership, active engagement of stakeholders during the partnership, strong leadership of the public partner in times of crisis and potential legal reform.

Key Words:

PPP, Land Administration, Privatisation



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Introduction

Land is an ultimate resource without which life cannot be sustained. The way land and associated resources are managed influences economic prosperity, environmental sustainability and social stability of nations. The better land and resources of a nation managed, the more prosperous and stable the nation becomes (Enemark et al., 2005). For successful management of land and resources, land administration is a key (Williamson et al., 2010). In a traditional context, land administration involves the process of determining, recording and disseminating information about the tenure, value and use of land when implementing land management policies (UNECE, 2005).

Driven by the human to land relationship, the land administration system of a country or jurisdiction is perceived in the context of its political system, geographical location, economic standing, social system and historical evolution (Ting, 2002). Since the context is dynamic and evolves, land administration systems have to change too. Regardless of how effective and efficient a land administration system is, any of the contextual factors, mentioned above, can force the functions of a land administration system to adapt.

Many nations around the world attempt to establish a land administration system to record land rights, restrictions and responsibilities for the first time. These nations confront several issues including legal, institutional, technical, economic, political and social to tackle. There are also nations that already have a land administration system in place, but the system demands a reform as it does not adequately respond to the issues of the same nature.

No matter, where a nation stands regarding its land administration system, establishing or reforming a system of land administration is a politically perilous, financially costly and prolonged process. Even if a land administration system is successfully established, the adverse or positive consequences of it may not be realised for decades.

Historically, land administration systems have been established as public agencies and maintained by governments. Established initially as a fiscal system to generate revenue for states, they evolved as a means for the security of land and property tenure. In the last few decades, land information generated as part of the land administration process not only is used in public domains but also increasingly utilised in commercial applications.



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The precarious and intricate nature of establishing or reforming a land administration system combined with the potential commercial opportunities land data brings about, invites nations to rethink the public position of land administration systems and contemplate a role for private sector in them. Instead of the public to bear the risks associated with building and maintaining land administration, the private sector to partner and take some of the risks but also gain commercial advantages.

It is argued that the public-private partnership (PPP) in land administration can bring efficiency to the systems, value add service and create more revenue comparing the public administration arrangements. While there are successful experiences equally there are examples of PPPs in land administration that have not brought about efficiency or more revenue (Törhönen et al., 2012).

A broad range of PPPs has been implemented in land administration from long term outsourcing of services and IT infrastructures to full privatisation (Meadows et al., 2018). Several drivers for PPPs have been suggested including political ideology, financial limitation, and lack of capacity and expertise to scale. Besides similar to all the others PPPs, legislative framework, transparent process, clear documentation and comprehensive feasibility study are critical for PPPs in land administration. Before embarking on PPPs, a feasibility study method is suggested considering legal, regulatory, institutional and financial indicators (Paez and Burns, 2018).

This paper reviews experiences in public-private partnership in land administration and provide lessons learnt from these partnerships. As the information technology evolves, the commercial opportunities that can be derived from the land information generated in land administration increases. The opportunities invite governments that are in need of capital to reform/establish land administration systems by involving the private sector. It also attracts the private sector to invest in public services that are commercially rewarding.

Methodology

The review material has been restricted to those published works in land administration and strictly relevant domains. The related areas include land reform, land registration, land/cadastral surveying, land management, and spatial data infrastructure. The review was also guided by relevant references found in the selected literature.

Findings

Canada's experience with the involvement of the private sector in land administration fits well with the benchmark definition of PPP adopted in this review. Though evolved overtime, Ontario has developed a long-term partnership with a private sector company to modernise and operate its land registration



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system. The partnership was found thriving in the eyes of Manitoba, the neighbouring province of Ontario, such the same operator was chosen to run Manitoba's system. It is important to note that the private entity is partially owned by current and retired public officers (Gainer, 2017a).

Driven by a booming property market as a result of strong demand for extractive resources, Western Australia created a statutory body to improve its ageing land administration and spatial information technologies. The statutory body called Landgate was created not only to continue generating revenue from the regulated services but also to engage in for-profit commercial activities. The goal was to provide resources for investment in better land administration and information services (Gainer, 2017b).

Western Australia's example does not fit the definition of PPP adopted in this report. This example is more the commercialisation of a public function by the creation of a state-owned enterprise. However, valuable lessons for reforming a public entity into a private entity can be found in this experience.

According to the adopted definition, the Philippines experience can be considered as a PPP. The country adopted a Build-Own-Operate for computerising its land titling system in 2001. The partnership set to be a 10-year project through which the concessionaire was expected to undertake some activities at its own expense (Proenza, 2007).

In 2000, Karnataka State of India initiated an e-Government pilot project called Bhoomi. It focused on land titling at the sub-district level. The initiative aimed to reduce corruption by village accountants, computerise land records for better planning and a better for land records for farmers when financing their lands. The initiative intended to deliver rights, tenancy and cultivation certificates to farmers. Preliminary results suggest there was a reduced in corruption and improves of service times from months to a few days.

While the government of India entirely financed the pilot project, a PPP in BOT format was adopted in 2005 to sale up the project to all the villages in individual sub-districts involving 20 million records belonging to 6.7 million farmers in Karnataka. The PPP has two folds: IT infrastructure and administrative set up (Ratan, 2006).

Northern Ireland maintained a paper-based land registry system until 1999, a system that suffered delay, poor quality documents, and an insecure and inefficient workflow. The Compulsory First Registration (CFR) introduced by the government in 1988 was also expected to significantly increase the workload of the Land Registry Northern Ireland (LRNI). Due to the lack of public funding, the LRNI



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entered a Private Finance Initiative (PFI) as a Concession Agreement with British Telecom (BT) to modernise the land registry system using geographic information technologies.

The New South Wales', South Australia's and Victoria's approach in involving the private sector complies with the PPP definition of this report. However, as they are very recent, limited information is available in terms of outputs or outcomes. General lessons in terms of PPP in land administration could be drawn from them.

In 2017, the titling and registry business of Land and Property Information (LPI), the NSW's land administration organisation was leased to a consortium of private sectors for 35 years (NSW Parliamentary Research Services, 2017). Before that, the LPI was restructured to four discrete business units (titling, valuations, surveying and spatial systems) to facilitate the privatisation process (Department of Finance, 2016).

The consortium, Australian Registry Investments (ARI) led by Hastings Funds Management and First State Super provide AUD\$2.6 billion to the state government for the concession of titling and registry services. This figure is significantly larger to the initial AUS\$2 billion estimated by the government during scoping studies (Department of Finance, 2016).

Conclusion

The review results suggest several factors contribute to the success of a PPP in land administration. The factors encompass political will of the public sector and government, support by the community of stakeholders, transparency in the bidding process and documents, a clear set of expectations from the partnership, active engagement of stakeholders during the partnership and strong leadership of the public partner in times of crisis.

The literature suggested, there is often a need for a legislative reform when adopting PPPs in land administration. The legislative changes are more pronounced in the regulatory framework of land administration than those of PPP. Every PPP is unique to the country that had adopted it and had not been reused in other jurisdictions. The literature suggests that the technology developed for one jurisdiction can be customised and adapted for other jurisdictions. There was not a notable first registration of land under the PPP schemes.

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