

Costing and Financing of Land Administration Services

GLTN Study
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Study Objective

The objective of the study is to develop a useful and practical methodology (tool) whereby the costing and financing of land administration services (land services) in developing countries can be reformed and modernized with a view to enabling the agencies provide **cost effective, efficient, sustainable** and **affordable** services.

Methodology

- Clarify objectives and scope
- Prepare questionnaires
- Test Questionnaires
- Gather case study data
- Prepare report (data analysis, best practices, recommendations)
- Review/validation of report
- Prepare dissemination material

Current Status

- Reviewing literature and reports (including report prepared by Lantmäteriet)
- Clarifying scope
- Developing draft questionnaires
- Agreeing on case studies (Thailand, Georgia, Ethiopia, Rwanda)
- EGM in Rotterdam 16/17 May

Challenges

- Definition of 'land administration services', or 'land services'
- Definition of 'land revenue'
 - Annual property/land taxes (ground rent, lease payments, school levies, LGA rates, utility fees (water, sewerage, etc.) etc)
 - Transaction fees and taxes (fees, stamp duty, capital gains tax, etc.)
 - Other revenue (permits/approvals, sale of maps/data, GRN/CORS revenue, fees for registration of professionals, etc.)
 - Sale of state land (including urbanisation)
- Sharing of revenue
 - Levels of government
 - Private service providers

Challenges (cont.)

- Defining costs
 - Different levels of government (central/state/LGA)
 - Mixed responsibilities
 - Routine (recurrent)/Project (development)
 - Cost/expenditure categories
- Evolving modes of service delivery
 - Public service
 - Government trading enterprise
 - Mixed public/private service
 - PPP (eg Ontario)

Costs factors in land administration system

	Simple / Low Cost		Complex / High Cost	
Registration Deed	Claims / Grant	Deeds with indices and standard forms	Deeds, indices, standard form, linked to map	
Registration Title	No guarantee, simple spatial sketch or graphical map, limited access to historical record	Guarantee, coordinated cadastre Some access to historical data	Guarantee Digital Cadastral Database online access to full historical data	
Land Records	Manual copy limited backup/ archive No policy for doc retention	Scanned copy (indexed)	Scanned, data entry for extraction	
Customary Records	Oral	Letters of allocation	Allocation recorded and mapped	Recorded and mapped digitally
Survey	Tape / plane table	Graphical / Digitized		Fully Coordinated
Service Delivery	Centralised Government		Decentralised	Deconcentrated
Role of Private Sector	None	Some services (survey, notary prepare contract)	Service largely outsourced, State remains as regulator	Fully outsourced (PPP)

Land Administration Revenue Streams

	Low Revenue	High Revenue	
Coverage	Limited cadastral map base Few registered parcels High density urban areas registered	>50% cadastral map base <50% registered parcels Widespread of urban properties registered	Complete cadastral map base Complete register of parcels Urban and rural area properties registered
Participation	Low awareness Limited access High fees for services Non-transparent services Pre-requisite conditions to participate in formal system Individual tenure recorded only	High level of awareness Ease of access Low service fees Transparent and predictable services Limited pre-requisites to participate	All tenure types recorded
Taxes and Fees	Poor records of eligible tax payers Limited information on market activity to support determination of ad valorem fees Complicated, arbitrary schedule of fees Arbitrary and unclear exemptions	Comprehensive records of eligible tax payers Substantial market activity to support ad valorem fee setting Clear, known and published schedule of fees Clear and known unclear exemptions	
Market Activity	Low level of market activity captured	High level of market activity captured	

Land Administration Financial Model Options

Financing Model Structure			
Delivery Model	Public Finance and Administration	State / Government Trading Enterprise	Public Private Partnership
Finance Base	Tax / Revenue		Cost recovery
Financial Return	Annual taxation		Transaction bases
Tax and Fee Base	Fixed rate Set nominal fees	Fees based on cost recovery	Ad valorem rates Fees based on transaction value
Revenue Retention	Consolidated revenue	Partly consolidate revenue	Decentralised revenue

Relevant Studies

- Doing Business
- WB Comparative study
- FIG Cadastral template
- EC data

WB Land Administration Comparative Study (2003)

TABLE IV. PROPERTY MARKET AND MAINTENANCE DETAILS

ACTIVITY	Total	Comments
1. Total number of registrations per annum (distinguish those done as part of project).		Specify year(s)
2. Total number of sales, mortgages and lease transactions per annum.		Specify year(s) and include data for pre-project period if possible
3. Ratio (expressed as a %) of transactions to total property units in the country.		Distinguish between urban and rural
4. Ratio of staff numbers to numbers of registrations per day		
5. Average time taken to produce official title search certificate		
6. Average time taken to complete registration.		Distinguish between first and subsequent registrations if possible
7. Registry running costs divided by numbers of registrations.		Distinguish between sporadic and systematic registration if possible
8. Cost for general registry information		
9. Cost for official title search certificate (for notary use)		State range if fees vary with type of property.
10. Cost of notary/ lawyer/ intermediary		State range if fees vary with type of property
11. Cost of other investigations		
12. Cost of registration		State range if fees vary with type of property

ACTIVITY	Total	Comments
13. Transaction Fees		State range if fees vary with type of property
14. Total transaction cost to proprietor		
15. Annual budget provided by Govt. Treasury:		
a. Registry		
b. Cadastre Office(s)		
16. Overall annual revenue (including 15):		
a. Registry		
b. Cadastre Office(s)		
17. Survey cost (parcel subdivision)		Give range and factors affecting cost (also indicate if private/state surveyors)
18. Cost of cadastral certificate (if required)		
19. Payments from indemnity fund (if it exists)		
20. Average daily salary of normal worker		Provide general cost of living indicators if available
21. Total average transaction cost:		State range if costs vary with type of property
– sale		
– subdivision		
– mortgage		
– lease		
22. No. of days work required to pay transaction cost		21 divided by 20
23. Transaction fee as a percentage of average property market prices.		Specify cost for different types of property (city, rural, peri-urban, etc.)
24. Annual operational costs:		If decentralized structure give costs for representative cases. Costs should relate only to legal cadastral activities.
– registry office(s)		
– cadastral office(s)		

Land Administration Efficiency Questionnaire (WB/LEI, 2007)

LAND ADMINISTRATION AND REGISTRATION STATISTICS		
1	The land registry/cadastral system that is being reported on in this questionnaire covers the following jurisdictional/administrative area (please tick one option): <input type="checkbox"/> country <input type="checkbox"/> state/province (name []) <input type="checkbox"/> county (name []) <input type="checkbox"/> municipality (name []) <input type="checkbox"/> other (please specify [])	
2	Estimated number of properties in your jurisdiction	[]
3	Number of registered properties in your jurisdiction	[]
4	Total area covered by registered properties	[] km ²
5	Number of <u>registered transactions</u> for the year ending [month] 200[yr]? <small>These transactions included: (Indicate number of transactions; mark with "*" if using an estimate, e.g. *1200)</small> — transfers of ownership — registration of new mortgages — discharge of mortgages — subdivisions — consolidations — encumbrances (right of way, easements etc.) — other [please specify]	[] [] [] [] [] [] []
6	In [month] 200[yr] the number of equivalent full-time <u>staff</u> in the: — land registry was — cadastral office was — combined cadastral / registry office was	[] [] []

The following financial information applies for the year ending [month] 200[yr] and is in [] (unit of currency)		
7	Annual registry/cadastral <u>running cost</u> (expenditure): — land registry (if available as a separate budget) — cadastral (if available as a separate budget) — combined land registry and cadastral budget — other costs [please specify]	[] [] [] []
8	Total annual <u>land registry revenue</u> : <small>If possible, indicate the breakdown of this revenue: (Mark with "*" if using an estimate, e.g. *12,000)</small> — from Stamp Duty — from Registration Fees — from Capital Gains Tax — from Transfer Tax — other [please specify]	[] [] [] [] []
9	Total revenue received from <u>cadastral services</u> : <small>If possible, indicate the breakdown of this revenue: (Mark with "*" if using an estimate, e.g. *12,000)</small> — from sale of maps / data — from survey services — from mapping services — other [please specify]	[] [] [] []

Thailand – Revenue/Transactions 1997-2001

No.	Type	year ending 30/9/97		year ending 30/9/98		year ending 30/9/99		year ending 30/9/00		year ending 30/9/01	
		Number	Revenue (US\$)								
1	Transfer fee	3,467,749	471,874,009	2,407,380	204,398,718	2,316,508	190,939,643	2,380,897	200,740,080	2,439,284	181,621,831
2	Title issuance fee	710,688	833,682	992,030	712,702	619,905	660,565	531,083	507,782	350,726	336,052
3	Certificate of Utilisation is	35,056	32,941	39,647	18,935	25,112	19,078	11,027	15,543	10,203	16,205
4	Survey fee	-	963,560	-	536,053	-	608,354	-	808,154	-	662,259
5	Miscellaneous fee	872,455	846,958	833,095	543,185	891,513	620,272	937,244	691,306	977,444	661,359
6	Other fee	300,299	1,517,959	276,090	908,007	210,862	758,502	240,641	725,492	249,120	698,727
7	Boundary mark stone	-	1,668,682	-	1,346,416	-	1,075,272	-	922,325	-	733,372
8	income tax (capital gain t	-	276,225,335	-	130,741,637	-	131,635,751	-	148,022,387	-	147,120,748
9	stamp duty	-	54,013,848	-	20,969,437	-	18,943,011	-	22,632,505	-	17,833,279
10	Special business tax	-	-	-	-	-	75,692,739	-	100,428,877	-	4,648,149
	Total	5,386,247	807,976,975	4,548,242	360,175,090	4,063,900	420,953,187	4,100,892	475,494,451	4,026,777	354,331,983

Summary of BOR Budget 2000/2001 Punjab Province, Pakistan

	Rs.			US\$			%		
	Sub-Total HQ	Sub-Total Districts	Total	Sub-Total HQ	Sub-Total Districts	Total	Sub-Total HQ	Sub-Total Districts	Total
Establishment Charges									
Pay of officers	9,944,000	81,536,000	91,480,000	167,126	1,370,353	1,537,479	5.7%	6.4%	6.3%
Pay of other staff	69,535,000	566,879,000	636,414,000	1,168,655	9,527,378	10,696,034	40.2%	44.7%	44.1%
Regular allowances	49,835,000	358,984,000	408,819,000	837,563	6,033,345	6,870,908	28.8%	28.3%	28.3%
Other allowances (excluding TA)	1,203,000	4,447,000	5,650,000	20,218	74,739	94,958	0.7%	0.4%	0.4%
Total Establishment Charges	130,517,000	1,011,846,000	1,142,363,000	2,193,563	17,005,815	19,199,378	75.4%	79.7%	79.2%
Purchase of Durable Goods	5,480,000	210,000	5,690,000	92,101	3,529	95,630	3.2%	0.0%	0.4%
Repairs and Maintenance of Durable Goods and Works	3,200,000	21,841,000	25,041,000	53,782	367,076	420,857	1.6%	1.7%	1.7%
Commodities and Services									
Transport	7,512,000	80,610,000	88,122,000	126,252	1,354,790	1,481,042	4.3%	6.4%	6.1%
Communication	4,762,000	60,097,000	64,859,000	80,034	1,010,034	1,090,067	2.8%	4.7%	4.5%
Utilities	8,400,000	70,512,000	78,912,000	141,176	1,185,076	1,326,252	4.9%	5.6%	5.5%
Office Stationary	1,858,000	11,987,000	13,845,000	31,227	201,462	232,689	1.1%	0.9%	1.0%
Printing and Publication	7,374,000	2,598,000	9,972,000	123,933	43,664	167,597	4.3%	0.2%	0.7%
Rent, royalties, rates and taxes	1,078,000	2,150,000	3,228,000	18,118	36,134	54,252	0.6%	0.2%	0.2%
Uniform and Liveries	73,000	447,000	520,000	1,227	7,513	8,739	0.0%	0.0%	0.0%
Newspapers, Periodicals and Books	169,000	1,404,000	1,573,000	2,840	23,597	26,437	0.1%	0.1%	0.1%
Other commodities and services	2,607,000	5,389,000	7,996,000	43,815	90,571	134,387	1.5%	0.4%	0.6%
Total Commodities and Services	33,833,000	235,194,000	269,027,000	568,622	3,952,840	4,521,462	18.6%	18.5%	18.7%
Total	173,030,000	1,269,091,000	1,442,121,000	2,908,067	21,329,261	24,237,328	100.0%	100.0%	100.0%

Key Questions

1. What is the scope of 'land administration services'?
2. What is 'land revenue'?
3. Are there standard cost/budget categories?
4. Suggestions for country case studies
5. References and relevant material