

EXECUTIVE SUMMARY - BUSINESS STRATEGY AND TRANSITION PLAN REPORT

The government of British Columbia, as outlined in the New Era for Business, Investment and Opportunity document, states its commitment to create a cost-competitive business climate and to boost private sector, investment in the resource sector including the booming Oil and Gas sector. In support of this commitment the Ministry of Sustainable Resource Management has initiated a Business Strategy and Transition Plan aimed at constructing a government-wide registry of land and resource encumbrances. This registry will significantly reduce the costs and shorten the time required in gaining access to land and resources for both government and businesses.

Unlike some other jurisdictions, British Columbia has difficulty in providing timely information critical to potential investors. With the completion of this project scheduled for early 2007, British Columbia will become the first jurisdiction to fully integrate both the private land and public land registries in a single land and resource register, providing investors with an instant picture of available investment opportunities.

The Need

As the owner and manager of most of the land and resources in British Columbia, the government of British Columbia has been granting rights to develop and use resources to individuals and companies for over 100 years. This resulting investment continues to fuel the province's economic engine by providing jobs, economic rent through taxation, community development, and thousands of secondary and spin-off benefits. It follows that the efficiency with which the rights are managed has a direct bearing on benefits to the province.

Initially, the province administered land and resources according to a simple and straightforward method. A proponent would request a grant and the province would refer to the ministry responsible for those types of grants who would review the merits of the request, check the availability and, if both were acceptable, grant the request by issuing a document to the proponent. This system of administration worked well as long as land and resources were plentiful and potential conflicting uses were few and far between.

Over time as more and more grants took place, and the types of grants grew, the administration of this mosaic of land and resource tenures has become not only more complex and expensive to operate but has led to delays in responding to proponent requests. In the worst cases, these delays are measured in years, seriously impeding the use of the land and resources.

This complexity is due to one simple fact: the province does not register land and resource grants in a formal register, nor does it require that owners of these rights register changes with the province.

The Solution

The Province, through its ministries who each administer or regulate a mix of land and resource tenures, keeps records of the hundreds of unique transactions that allocate and administer tenures. These transactions, starting from the initial grant of rights, provide the *chain* of events that defines the current state of each tenure. These thousands of chains of transactions are what currently define the fabric of ownership and availability of land and resources in the province. Not only do these transaction chains differ by tenure type but they also differ with time as the methods of administration evolve.

Determination of the status of a particular parcel of land (a process known as *stating*) requires that all of the pertinent transactions chains are interpreted by each of the ministries authorized to grant land and resources. While this in itself presents a formidable challenge in areas with a long history, unique or ambiguously described transactions, stating becomes impossible where the chain of transactions has been broken. In those areas, the province cannot determine ownership of land or resources and must pass legislation extinguishing unknown allocations and reestablishing itself as the owner.

In extensive analysis the province has concluded that in order to facilitate the allocation and administration of land and resources it must develop the ability to status quickly. Not surprisingly, technology is seen to be a part of this solution. After all, technology can speed through transactional records and, with proper instructional logic, can determine status. Technology can also display the results over the Web to government and proponents alike.

At first glance this seems like a suitable solution, to have technology interpret transactions; however as one begins to look at the mechanics of this task, to be successful, this system would need to contain all of the logic for all of the land and resource transactions from the beginning of history to the present day and it would require continual updating with new transactions. Once the logic to interpret transactions was written and tested, then all the land and resource transactions would need to be assembled. Some of these transactions are stored in some 25+ ministry systems across government and others are contained in paper-based files.

Clearly using technology to automate the stating processes currently done by trained staff would be complex and expensive, both to build and to operate.

In an effort to find a better solution, the ministry looked to other registry systems and to other jurisdictions and found that if it *registered the result of the transaction* in a register (register is defined as an official record) that the stating of a parcel of land would be as simple as looking up the parcel in the register. Furthermore, while it would be necessary to read the transaction chains to determine the current *interest*, it would not be necessary to store or maintain the complex logic of these transactions.

This conclusion was given further credence by the fact that British Columbia currently administers private land in that very way. The land titles administration is based on the Torrens system, which is recognized worldwide for its ability to provide certainty of ownership and title and low administrative costs.

Costs

The notion that statusing must be automated is not new, nor is it unique to British Columbia, this is borne out by the fact that land titles administrators worldwide are converting their transaction based systems, also known as deeds based systems, to Torrens or interest based systems. Whether it is for land titles administration or crown land and resource administration, the task of analyzing all past transactions to determine the starting state is daunting, especially when faced with areas of missing or ambiguous information. Like the problem, the need does not go away, nor does it get easier with the passing of time, on the contrary as new transactions are added the problem continues to grow.

The task of interpreting transactions and providing an accurate spatial representation for each land and resource encumbrance in the province will require the use of trained government staff and legislative remedies to reestablish ownership for those areas where ownership has been lost. The cost of this effort must be determined by careful analysis of the transactional information. Preliminary estimates put this cost at approximately \$7-10 million.

To store and make this information available will require the development of an electronic information system estimated to cost between \$2 - 3 million.

Benefits

The benefit of better land and resource administration has wide ranging impacts such as:

Economic Development

- Immediate benefit for the oil & gas sector since initial deployment is proposed for northeastern British Columbia;
- Faster land / resource approvals for all sectors (tourism, agriculture, forestry, mining and energy);
- More equitable and cost effective assessment of land; and
- More security of tenure because of quality and certainty of information.

Government Efficiency

- Reduced cost / risk in confirming legal status;
- Reduced cost in collecting / maintaining registry information;

- Sustainable Development;
- Better land use planning and decision making;
- Better policy making (First Nations and issue management); and
- Better use of land and resources.

Customer Service

- More timely and increased access to information, and
- Leadership in electronic service delivery and land records administration.

Summary

British Columbia has reached the realization that being able to account for land and resource encumbrances is critical to its continued economic growth. In an information age, that means being able to do so quickly and efficiently and being able to deliver that information using the Web. In order to accomplish this, a different way of accounting must be introduced. Interest-based land administration is not new to British Columbia; the province has been used to administering the private land titles for many years and it must now be extended to public land and resource administration.

This investment by the government of British Columbia will begin paying dividends immediately and will continue to pay those dividends into the future with increased business brought about through more rapid and secure allocation of land and resources.