



**Economic and Social
Council**

Distr.
GENERAL

ECE/HBP/WP.7/2007/3
13 September 2007

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON HOUSING AND LAND MANAGEMENT

Working Party on Land Administration

Fifth session
Geneva, 19–20 November 2007
Item 3 of the provisional agenda

**IN-DEPTH DISCUSSION ON INSTITUTIONAL CHALLENGES AND CHANGES
IN LAND MANAGEMENT**

**INFORMATION INFRASTRUCTURE FOR A FUNCTIONING LAND MARKET IN
NORWAY – INSTITUTIONAL CHALLENGES AND RECENT CHANGES**

Note by the delegation of Norway*

Summary

The Bureau of the Working Party at its meeting in May 2007 decided to hold an in-depth discussion on institutional challenges and changes in land management at its fifth session.

The present paper examines basic trends and recent developments in the register infrastructure supporting the land market in Norway, including provision of information for land management and land use planning.

* This report was prepared by the Centre for Property Rights and Development.

Introduction

1. Institutional challenges and changes in land management are particularly driven by the following matters:
 - (a) The completion of the conversion from analogue to digital land-related information held by many data providers;
 - (b) Technology facilitating remote access to data through Internet and simultaneously to a variety of databases hosted by the different data providers, allowing users to combine information from many sources “on the fly”, inter alia, providing an efficient platform for establishing National Spatial Data Infrastructures;
 - (c) The streamlining of public sector institutions, including that courts should concentrate efforts on their core business and transfer land registration to the cadastre authority
2. In respect to the land market, these developments have been manifested in a vision that “Parties in the land market should be able to find all information needed for making transactions in normal properties at one place on the Net” (“normal” being single family houses, apartments and corresponding real estate objects). Basically, the vision requires one-stop access to information on property objects and their boundaries, owners and other legal rights, public restrictions including zoning plans, and utility rights. Certainly, environmental information is also increasingly demanded.

I. INSTITUTIONAL CHANGES

1. Land registry reform

3. First of all, it should be noted that the Parliament in 2004 agreed to remove the land registry from local courts to be co-located with the cadastre at the National Mapping and Cadastre Authority (Statens kartverk). Interestingly, corresponding reforms are currently taking place or are in the pipeline for all Nordic countries. In Norway, Sweden and Finland, land registration will be located with the geodetic, mapping and cadastre authorities.
4. In the case of Norway, the key reform argument was that courts should concentrate their efforts on rule of law, and that the executive branch of government would be fully capable of ensuring quality and confidence in the register function. Interestingly, the Parliament itself decided that registration of documents should be fully centralized in a single office at the headquarters of the cadastre authority, arguing that electronic submission of documents would soon make it less relevant to maintain public services at many locations. Until electronic submissions were fully introduced, the public would be satisfactory serviced by regular post, which beforehand was the predominant practice with courts.
5. Concerning co-location with the cadastre, the main argument was to ensure optimal co-ordination of development issues (regulations, harmonization of registers and future services to users), rather than coordination of running services.

6. Hitherto, the land registry reform is largely a geographic relocation of the registration function from 87 courts to a single central office. Strategically, it was decided to change as little as possible, at least until the reform has been fully consolidated. The reform thus needed only a very small change to the law; the previous statement that registration is conducted “by a judge at a local court” was amended to read “– or by a registrar at Statens kartverk”. All other elements of the law and related procedures, including that claims are handled by second level courts are kept unchanged. It could be argued that by moving the register function from the judiciary to the executive branch of government, the cadastre institutions themselves – and not an individual registrar – should be responsible. Maintaining second-level courts to handle claims could be regarded somewhat strange, and could perhaps change in the future.

7. The reform strategy also means that the land registry database and the cadastre database are kept separate following separate registration procedures and laws. In fact once a new parcel is established in the cadastre a paper document is produced as the basis for opening a property lot in the land register. This should certainly change in the future, so that a property object is established only in the cadastre and with effect for all subsequent registration of ownership and legal rights in that property. It could be expected that the two databases would be merged sometime in the future, as is already implemented in Sweden and Finland, to mention two examples; however, keeping them separate does not seriously affect the efficiency of registration or access to data. Romania presents an interesting example of adopting identical registration procedures for cadastral and legal information.

8. The land registry reform has been implemented over a period of two years, closing down the registration function at courts one by one being quite a logistical challenge: this involves closing the court registration office on a Friday afternoon, packing and transporting (up to 2000 km) the local archives to Statens kartverk during the weekend, and opening the registration function at Statens kartverk’s headquarters for the district in question on Monday morning. This has hitherto been achieved without introducing any major delays in services to users. The centralized land registry office at Statens kartverk strictly follows a four-day cycle:

- (a) Day 1: Document arrives by regular post opened and registered for priority (about 5,000 documents per day);
- (b) Day 2: Information is entered from the document into the database;
- (c) Day 3: Confirmation of data entry by a second skilled person;
- (d) Day 4: Return of registered and stamped document to the submitter and issuance of invoice for fees and taxes.

9. The main challenge has been to recruit and train clerks and a few lawyers. The central registration operation comprises about 200 staff, of whom less than 10 per cent have worked at a court before. There are 13 lawyers in total. Clerks would normally have high school and one to three years’ additional education. Special training has been provided in-house. A number of technicians from the mapping division of Statens kartverk have been “converted” to registration clerks following a politically forced 25 per cent reduction of staff in other divisions of Statens kartverk. Turning new staff into efficient registration workers has been less demanding than anticipated. The Registry receives about 1 million documents per year, meaning that a clerk should handle between 5,000 and 6,000 documents per year.

10. In parallel with centralizing registration, previous pre-payment of fees and taxes was substituted by invoicing clients after registration; correct payment is thus no more a conditionality for registration. This has proven very successful, simplifying clients' payments and as well accounting at the Registry. Losses are so far insignificant. It is also worth mentioning that the fee for registering a mortgage deed resulting from refinancing a loan with another lender from this year on was reduced to 15 per cent of the regular registration fee, to encourage competition in the mortgage lending market. It has been calculated that the rather high fee for registering mortgage deeds (previously about €250 for all deeds) protected banks to charge an "extra" interest of 0.1–0.2 per cent.

11. To support centralization, Statens kartverk has opened a telephone service to users. Use has been far above expectations and waiting times are still not satisfactory (currently averaging eight minutes). Certainly the telephone service should be improved, as it is a primary interface with users and thus extremely important for the reputation of Statens kartverk.

12. The paper archive is a vital component of the Norwegian registration system because for easements and servitudes only references are registered into the database, and not the content of the legal right. Professionals in the land market are increasingly requesting copies of all documents for a property. From this year on, all incoming documents are scanned, but scanning of the entire archive is becoming an increasingly urgent matter. Recent experience from Denmark in doing this has very promising, with costs and time for completion very much below expectations.

13. Statens kartverk has started testing electronic submission of documents, so far for mortgage documents with one bank. It is expected that this will grow rapidly during 2008, but will be limited to mortgage deeds and to crossing out registered mortgages. It is currently not planned to extend this to other documents such as sales deeds, which are much more difficult to standardize. It should be noted that notaries are not involved in preparing documents for registration, meaning that anybody legally can make documents for registration. However the clear majority of documents are prepared by banks, real estate agents and law firms.

14. In addition to taking over land registration from courts, Statens kartverk was also mandated to make a first registration of all collective housing units, in total about 320 000 apartments, or about 15 per cent of the total amount of real estates and a corresponding share of the transactions. The Parliament decided for employment reasons to re-locate a separate office for transactions in cooperative housing units to a rather small place on the west coast. It is difficult to reason this in economic terms.

15. Registration fees are called up by the Registry but flow directly to the Treasury, meaning that the Registry is fully financed by an allocation from the State budget. This is not an optimal solution, and could make it difficult to adjust resources to rapid changes in the land market and related number of transactions. Direct financing would also create a better environment for continuous improvements in services to users. Regarding the importance of a well functioning land registration and information service to owners, investors and the overall national economy, it would be relevant to ensure an optimal financial mechanism for the land registration service. It could be argued that incomes from registering transactions in existing properties as well could

finance the cadastre and large scale topographic mapping, which both are much needed for a functioning land market. Observing the large number of transactions to the land register (in Norway, 1 million per year) compared with the small number of changes to the cadastre (40,000 per year), it is obvious that transactions to the land register is the potential “money-maker” to a fully self-financed land information service.

2. Cadastre reform

16. Already in 1999, a law committee had presented a proposal for a new law on the cadastre, with the following main changes to the valid act:

- (a) Introducing a new centralized database also containing digital maps;
- (b) Making a clear distinction between the role of land register and the cadastre – the land register should only contain information in need of the particular legal protection, the effect being that public restrictions should be registered in the cadastre only;
- (c) Introducing a concept of three-dimensional properties, to facilitate the creation of separate properties above and under the surface of the Earth;
- (d) Stating that relevant rights (such as way of right) as well, and not only parcel boundaries, should be clarified during cadastral surveys;
- (e) Introducing private licensed surveyors to ensure better services to users and improved quality in the cadastre database. Currently municipalities have a monopoly on making cadastral surveys, and without any binding requirements to the skills of the municipal employee.

17. Finally, in 2005, the law was approved by the Parliament, only to be reverted at one crucial point by the incoming left-green Government in 2006, which is more restrictive towards privatizing public services, including cadastral surveying. The final outcome of the new law that will come into force from 2008, is that municipalities will maintain a monopoly. Cadastral surveying will continue being undertaken by 431 municipalities, some of them having only a few surveys per year. It remains to be seen how this will work in combination with a more complex law. It is expected that many municipalities will cooperate in setting up joint services or sub-contract private consultants for the technical works.

18. It is interesting, however, to observe that the land market in Norway has been and certainly will continue to operate very well without licensed surveyors. The World Bank continues to rate Norway as one of the countries where it is cheapest and quickest in time to make land transactions. We pay a certain price for the absence of licensed surveyors by having more disputes over boundaries and land rights than neighbouring countries. This is, however, balanced by maintaining a special land court to keep the majority of property disputes away from the regular courts, and at low costs to the disputing parties. The land courts undertake as well related surveys, demarcation and reporting to the cadastre. The efficiency of this balance could be debated, but it is in any case interesting that a well-developed land market can work perfectly

without the mandatory involvement of professional private agents, such as surveyors and notaries.

19. A main objective of the initial law proposal, of developing a new profession of private skilled land experts that could provide a range of advisory services to land owners, developers and others is, however, lost.

20. The new cadastre database will become operational later this year. From the outset, it will contain textual information about parcels, buildings, apartments and addresses, and a digital map. It will take much longer to complete registration of public restrictions. It is an increasing interest of various agencies to use the cadastre database as a facility for registering thematic information about land and buildings outside the core cadastral data. The law facilitates that different public agencies can be authorized to register “their” data themselves into the database. The 431 municipalities will continue to register the core data about parcels, buildings and apartments. The large number of registering offices has forced the development of a database using java technology, meaning that no registering unit need procure a special GIS (geographic information system) or other type of software. Client software is downloaded and updated from the central server. From an economic point of view, this solution to a rather complex database could be worth considering by others.

21. Contrary to many other countries, zoning plans and utility rights are not registered in the cadastre. Surely, users must have remote access to this information as well if the vision of a one-stop access to data needed for land transaction shall be realized. The policy of the ministry in charge is that each municipality and utility owner shall establish the information resources, and in a way that the information is made available on a common national portal together with the land registry and the cadastre. It remains to be seen if this policy will work satisfactory. The author believes the State should take a stronger initiative, preferably in establishing standardised national databases for zoning plans and utility rights, being integrated with or closely linked to the cadastre.

3. National Spatial Data Infrastructure (NSDI)

22. National Spatial Data Infrastructures (NSDIs) will play an important role in land management as well as for the land market. It is open to discussion whether the land registry and the cadastre belong to the spatial infrastructure or not. This is a matter of definition; in practice, users should have common one-stop access to a wide range of land related data, including land register data and cadastre data. (A national SDI can be much wider than the infrastructure defined in the Inspire directive)

23. A modern NSDI will use Web-technology facilitating bringing together and blending data from a number of data providers - “on-the fly” – and without any copying of data into a central storage facility.

24. The Norwegian NSDI is being realized under the name “Norway digital”. It is established on the basis of a volunteer agreement between a large number of data providers, not yet supported by an act. Implementing Inspire might require legal support. Law could be relevant to

express a national NSDI policy, but it should be understood that the effect of legal provisions in this domain is rather limited when it comes to enforcement.

25. Pricing of geographic information is much debated, in Norway as elsewhere. Core data, i.e. data from the cadastre and large scale maps and orthophotos are not offered to users for free. Data from the land register is not yet included in Norway digital. Thematic data from agencies where data production is not their core business are largely available gratis. We believe the current pricing policy is well in line with European Union directives on access to and reuse of public information. However, the debate on this issue will certainly continue and countries are applying different policies.

26. “Norway digital” consists of an inner “club” of members, who are data providers, or large national users, such as the police and the Ministry of Education on behalf of schools and universities. Users who are not also data providers will pay an annual membership fee. “Club” members have unlimited access to all data contained in the infrastructure. They can also use the data in their respective Internet services as far as this is relevant to their overall mandates. Outside users are treated on a commercial basis, and largely by private data distributors paying a royalty to the “club”. All contributions and external incomes “in cash” are used to improve coverage and quality of core data, which hitherto are topographic data and orthophotos. It is expected that the above use of cash income will continue, meaning that production of topographic data and orthophotos can progress more rapidly than would be otherwise possible.
