



Policy



Paper

The Road Ahead

**Options for Reforming
Registry Service Delivery**

Meredith McDonald

Halifax, Nova Scotia

September 2015



The Atlantic Institute for Market Studies (AIMS)

AIMS is a Canadian non-profit, non-partisan think tank that provides a distinctive Atlantic Canadian perspective on economic, political, and social issues. The Institute sets the benchmark on public policy by drawing together the most innovative thinking available from some of the world's foremost experts and applying that thinking to the challenges facing Canadians.

AIMS was incorporated as a non-profit corporation under Part II of the *Canada Corporations Act* and was granted charitable registration by Revenue Canada as of 3 October 1994. It received US charitable recognition under 501(c)(3), effective the same date.

287 Lacewood Drive, Suite 204,
Halifax, Nova Scotia, Canada B3M 3Y7

Telephone: (902) 429-1143

Email: aims@AIMS.ca

Website: www.AIMS.ca

Board of Directors

Chairman: John Risley

Former Chairman: John F. Irving

President and CEO: Marco Navarro-Génie

Vice-Chair: Laura Araneda (New Brunswick)

Vice-Chair: David Hooley (Prince Edward Island)

Vice-Chair: Leo Power (Newfoundland and Labrador)

Secretary: Fae Shaw

Treasurer: Doug Hall

Directors: Paul Antle, Lee Bragg, Robert Campbell, Stephen Emmerson, Richard Florizone, Nelson Hagerman, Mary Keith, Dennice Leahey, Scott McCain, Todd McDonald, Jonathan Meretsky, Don Mills, Bob Owens, Maxime St. Pierre, Peter Woodward.

Advisory Council

George Bishop, Angus Bruneau, George Cooper, Ivan Duvar, Peter Godsoe, James Gogan, Frederick Hyndman, Bernard Imbeault, Phillip Knoll, Colin Latham, Norman Miller, James Moir, Jr., Gerald L. Pond, Cedric E. Ritchie, Allan C. Shaw, Joseph Shannon.

Board of Research Advisors

Advisors: Charles Colgan, J. Colin Dodds, Morley Gunderson, Doug May, Jim McNiven, Robert Mundell.

The author of this document worked independently, and is solely responsible for the views presented here. The opinions are not necessarily those of the Atlantic Institute for Market Studies, its directors or supporters or of other organizations with which the authors may be affiliated. Any errors or omissions remain the responsibility of the author. The author wishes to thank AIMS interns Xavier Malone and Robert Creamer for the research assistance they provided.

The Road Ahead

Options for Reforming Registry Service Delivery

Meredith McDonald

Table of Contents

Executive Summary	4
Overview	6
Alternative methods of service delivery	7
A license to improve service and save? The Canadian experience	10
Profiles of the Nova Scotia, and Newfoundland and Labrador registries	20
Lessons learned	23
The road ahead	27
Appendix	30
Endnotes	32

About the Author

Meredith McDonald is a Research Fellow at the Atlantic Institute for Market Studies. She specializes in politics and public policy. Her most recent article (co-authored with Ted Morton), "The Siren Song of Economic Diversification: Alberta's Legacy of Loss," was published by the School of Public Policy at the University of Calgary. She previously worked for the federal government, including roles with the minister of state of foreign affairs, the environment minister, and the Prime Minister's Office, where she spent four and a half years as a speechwriter for the prime minister. She holds an MA in Political Science from the University of Calgary.

Halifax, Nova Scotia

September 2015

Executive Summary

Nova Scotia and Newfoundland and Labrador face the same twin challenges of burdensome levels of debt and growing demand for core services. These problems are not unique to the two provinces; national and subnational governments around the world are facing the same budgetary and demographic realities. This confluence of factors is causing many governments to re-evaluate their role in the economy and how services are delivered. From transferring risk away from the public purse and fostering innovation to reducing costs and allowing government to focus its capacity and resources on more pressing priorities, the benefits of embracing alternative methods of service delivery are myriad.

The governments of Nova Scotia and Newfoundland and Labrador have indicated their willingness to explore alternative methods of service delivery. In March 2015, the minister responsible for Service Nova Scotia revealed that the government was discussing the possibility of partnering with the private sector in order to off-load the costs of upgrading its registry services for motor vehicles, land, and businesses. Compared to what other governments have done (e.g. Norway allows private firms to operate publicly funded hospitals, while Sweden allows private operators to manage publicly funded schools), reforming registry service delivery is a modest proposal. Indeed, four provinces with governments of various partisan stripes — Ontario, Alberta, Manitoba, and Saskatchewan — have already done so. There is a record, therefore, that can be assessed to determine what such a move could mean for the two Atlantic provinces.

While retaining responsibility for crafting policy and ensuring compliance, as well as continuing to administer (and pay the expenses associated with) the computer systems that support the province's various registries, Alberta allows private operators to deliver registry services. This model has allowed Alberta to offload delivery costs to the private sector, which has created opportunities for small business owners, all the while allowing the government to keep most of the revenue generated by the province's registries. From Albertans' standpoint, the greatest benefit is better access to more convenient registry services at prices comparable to those of other Canadian jurisdictions.

In a move that has allowed it to transfer delivery and technology maintenance and development costs to the private sector, Saskatchewan has contracted out the province's land titles, personal property, and corporate registries to Information Services Corporation, a former Crown corporation. Privatizing the formerly public



corporation (which netted \$156.2 million for the province) has enabled the company to grow beyond the province's borders, generating greater value for its shareholders — which include the provincial government and the ordinary Saskatchewanians who purchased the bulk of the shares — by selling its products and services around the world. The move has also allowed ISC to spread such costs as technology maintenance and enhancement over a larger customer base.

Faced with registry upgrades beyond its capabilities (and a growing fiscal crisis) in the early 1990s, Ontario chose to partner with Teranet, a company specializing in electronic land registrations, to modernize the province's land registry. The move allowed Ontario to share the risk inherent in such a costly undertaking, as well as benefit from its private sector partner's technological expertise. Digitizing the province's land title records and providing remote access has greatly enhanced convenience. Additionally, Ontarians have benefitted from the line of "value-added" services developed by the company. In addition to a steady stream of revenue in the form of royalty payments, the province has collected nearly \$2 billion dollars between selling its half-share in the company, reaping the windfall when the company converted (briefly) to an income trust, and extending the company's exclusive licences to provide electronic land registration and writs services. In 2013, Manitoba entered into a similar agreement with Teranet for the administration of its land and personal property registries.

Nova Scotia and Newfoundland and Labrador, therefore, have a number of models from which to choose, depending on which objectives they wish to achieve. They can, of course, also, mix elements of two or more to develop one that works best for them. Extrapolating from Alberta, Ontario, Manitoba, and Saskatchewan's experience of partnering with the private sector, Nova Scotians and Newfoundlanders and Labradorians could expect better quality registry services for comparable prices, while the provinces' governments would spend less on their registries while still receiving a steady stream of revenue. In short, partnering with the private sector would generate benefits for governments and consumers alike.



Overview

Speaking at a Clinton Global Initiative event in 2012, then-secretary of state Hillary Clinton told a New York audience, “You cannot have development in today’s world without partnering with the private sector.”¹ The fact that a leading Democrat would publicly tout private sector involvement as a critical component of economic success in the developing world shows how far our political discourse has come. Government does not always know best. When it comes to containing costs, driving innovation, and generating prosperity, the private sector has something to offer, and that is why governments facing financial challenges are increasingly looking to it as a partner.

It is not surprising, therefore, that Newfoundland and Labrador’s premier recently mused about working with the private sector. “Is private business a good way to deliver long-term care services?” he asked. “That’s something we should give some thought to. I think there’s greater opportunity for private business and there’s many aspects of government that could very likely be delivered more efficiently and more effectively — more cost effectively — while providing quality services by the public service.”² Although its spring budget was ultimately quiet on the matter, the province soon might not have a choice. With offshore oil resources plunging and construction activity slowing, the province is facing a record deficit.³

Newfoundland and Labrador’s Maritime neighbour, Nova Scotia, is not just musing about engaging the private sector, it is moving forward. In March 2015, the minister responsible for the province’s service centres revealed that the government was discussing the possibility of privatizing some of the work done by his department. Four months later, the government announced it would soon put out a call for input from companies interested in running the public registries and modernizing the associated technology. Joan Jessome, the president of the Nova Scotia Government and General Employees Union, was quick to criticize the plan, saying, “When you put another player into the mix — you can call him whatever you want to call him — it’s still privatizing a public service.”⁴ Alas for Ms. Jessome, the mere mention of the “p” word does not provoke the virulent reaction it once did.

It is particularly difficult to stoke fear when four provinces with governments of various partisan stripes — Ontario, Alberta, Manitoba, and Saskatchewan — have private sector involvement in their registries. As a result, there is a record that can be assessed to determine what such a move could mean for the two Atlantic provinces and, of course, for the Nova Scotians and Newfoundlanders and Labradorians who rely on these services every day.



Alternative methods of service delivery

While accepting responsibility for planning and bankrolling services, government does not need to be the delivery provider as well. The public sector can be restructured in a way that allows partnerships with the private and/or non-profit sectors to deliver public services.⁵ There are alternative methods of service delivery that enable governments to retain responsibility for strategy, policy, and compliance, while leveraging third-party know-how, processes, capital, and technology.⁶ Options governments can employ to deliver better services at a lower cost include contracting out to a non-profit organization, contracting out to a for-profit organization, privatization, or even abandoning the service altogether.

Contracting out to a non-profit organization⁷

Tendering services to non-profit organizations is an option particularly for a government that is wary of the participation of for-profit entities. There are a number of ways this can be done, including offering grants to organizations that agree to provide services that previously had been delivered at a loss, creating a new non-profit organization to undertake activities that otherwise would be provided by government, or, in instances where profits might be generated, asking non-profits interested in delivering the services to bid for the opportunity.

Contracting out to a for-profit corporation

A government that wishes to cut costs can contract out the delivery of services to private firms. In cases where numerous firms are capable of performing the work, the government usually will put out a request for tenders. Once the competition has closed, the government then makes a decision based solely on price or on price and a combination of other criteria (e.g. quality of service, track record, etc.). However, not all services are straightforward enough to be offered by multiple qualified providers. In instances where only one private sector firm is capable of doing the work for reasons of technical compatibility, technological expertise, or some other factor, the government might negotiate solely with that supplier. Regardless of whether a contract is awarded competitively or sole sourced, there are two options for pricing: fixed and variable. Whereas the former involves a government agreeing to pay a supplier a prearranged fee, the latter ties remuneration to some measure of the firm's success, which generally involves some standard of quality, quantity, or timeliness.



Privatization

Unlike contracting out, where the government retains responsibility to provide a service even though it hires someone else to deliver it, privatization involves selling the service to the private sector. This alternative method of service delivery allows for greater competition over contracting out if the government allows for multiple firms. Although simple services, such as commercial garbage disposal, are a more obvious choice to hand over to the private sector, certain government administrative services can also be privatized provided the government implements user fees and maintains a regulatory role.

Abandonment

As a last resort, a government might cease to provide a service it had previously offered, arguing that, if those who used it truly valued it, someone or some group would step in and re-establish the service.

Not all public services are suitable to deliver through alternative methods; some are too close to the core business of government. In deciding which services are appropriate, Tom Gash and Nehal Panchamia of the Institute for Government suggest that governments should first ask themselves three questions:

- Does the service involve making key policy decisions such as imposing taxes or making regulations?
- Is the service integral to the government's ability to maintain law and order?
- Is the service intimately related to the government's duty to protect the public (i.e. would low-quality provision of the service pose a danger to the larger population)?⁸

By these measures, such functions as defence, policing, and correctional services are arguably inappropriate. Provided the government mitigates potential risks through legislation, regulatory tools, or contract design — e.g. by retaining government ownership of all registry data, ensuring it is covered by provincial privacy laws, capping fees for essential services, establishing effective oversight mechanisms, etc. — a strong case can be made, however, for using alternative methods to deliver registry services.



Doing government differently

The 1980s saw the emergence of a backlash against the ever-expanding state that had established itself as the new norm in the postwar decades. Haven awoken to the financial consequences of their predecessors' deficit spending, governments across the political spectrum began looking for ways to rein in expenditures. Such was the case in Alberta. Despite its reputation for conservatism, the province had amassed \$22.7 billion in debt by the time Progressive Conservative (PC) premier Don Getty stepped down in 1992.⁹ Fuelled by robust resource revenues, the size and expenditures of the provincial government had grown considerably throughout the 1970s. The province's modern-day gold rush, alas, was short lived. The 1980s delivered a debilitating one-two punch in the form of the National Energy Program and the collapse of oil and commodity prices. The government responded with modest spending cuts and some tax hikes, but these measures proved inadequate given the province's dire fiscal situation. The government was simply unable to close the large gap between revenues and expenditures.¹⁰ Between 1986 and 1991, per capita debt in Alberta increased by a staggering 340 per cent.¹¹

With its financial profligacy threatening its grip on power, the PCs used a leadership change to try to get government finances — and their own electoral prospects — back on track. After promising to embrace the financial zeitgeist of the era, Ralph Klein edged out the establishment favourite in a hotly contested leadership race. Under the new premier, the government launched an unprecedented deficit elimination program comprising spending cuts, various administrative innovations, and privatizations. One of the recalibrated government's first acts in office was one it touted as "a concrete example of the new approach to government,"¹² the creation of Alberta Registries.



A licence to improve service and save? The Canadian experience

Alberta

A new division of the Department of Municipal Affairs,¹³ Alberta Registries, was created to oversee the delivery of licensing and registry services through a network of “one-window,” community-based outlets. Prior to the move, the province’s motor vehicle, vital statistics, corporate, land titles, and personal property registries were administered by five separate departments, each with its own offices, counter clerks, and support staff. Accessing two different registry services required visits to two separate offices, a particularly time-consuming undertaking for those living in rural areas where towns were lucky to have one office, let alone multiple offices. Courtesy of the government’s consolidation initiative, Albertans could now renew their driver’s licence, request a lien search, and order a birth certificate with a visit to a single office.

The one-window approach was not the only innovative feature of the new initiative: registry services would be delivered by the private sector. Of the 800 hopefuls who applied, 69 entrepreneurs and insurance companies were selected to set up the one-stop shops, based on such criteria as service experience, marketing plans, and proposed hours of operation.¹⁴ Aside from land titles registrations, motor vehicle special services, complex corporate registry filings, and business licensing activities, which Municipal Affairs continued to deliver directly through its offices in Edmonton and Calgary, the vast majority of registry services — 89 to be precise, a number that would nearly double to 168 by 2000 — were soon offered at privately owned and operated outlets throughout the province.¹⁵ In addition to maintaining its ownership of all data and information, the government retained responsibility for the computer systems supporting the registries, privacy protection, and quality control.

Registry agents are agents of the Crown, which means any action they take is deemed to have been carried out by Alberta Registries. What an agent can and cannot do (mostly the latter) is clearly laid out in the *Government Organization Act*, which contains myriad stipulations concerning such matters as the handling and processing of documents, funds held in trust, and the right of Municipal Affairs — and later Service Alberta — to conduct audits and inspections.¹⁶ The punishments for those who break the rules laid out in the statute are stiff: up to one year in prison and a \$10,000 fine (and, of course, having Service Alberta shut down your registry).

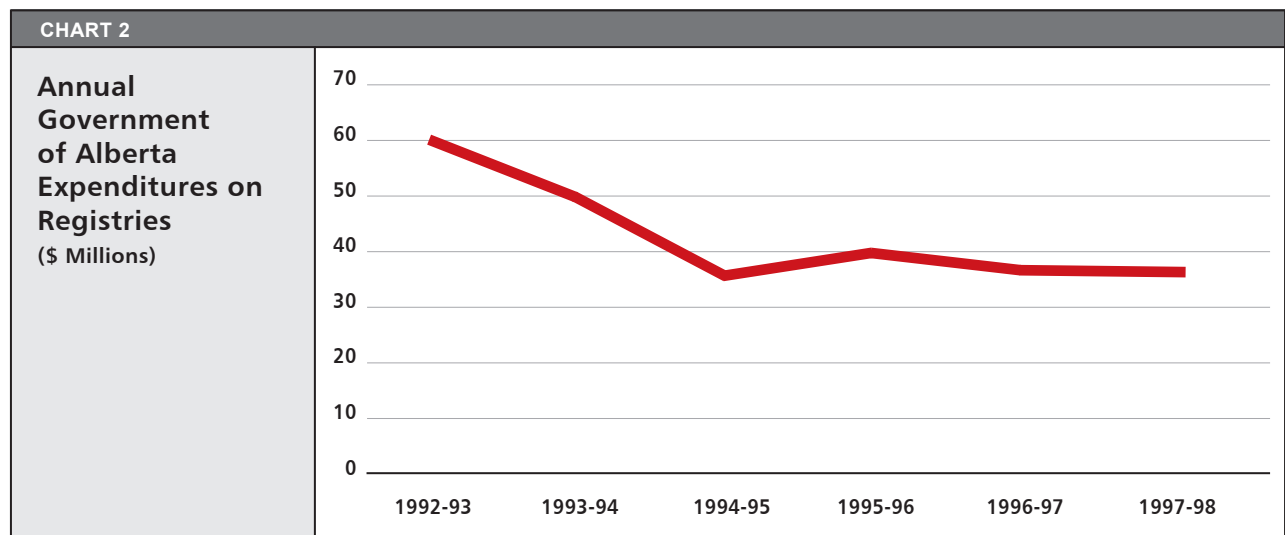
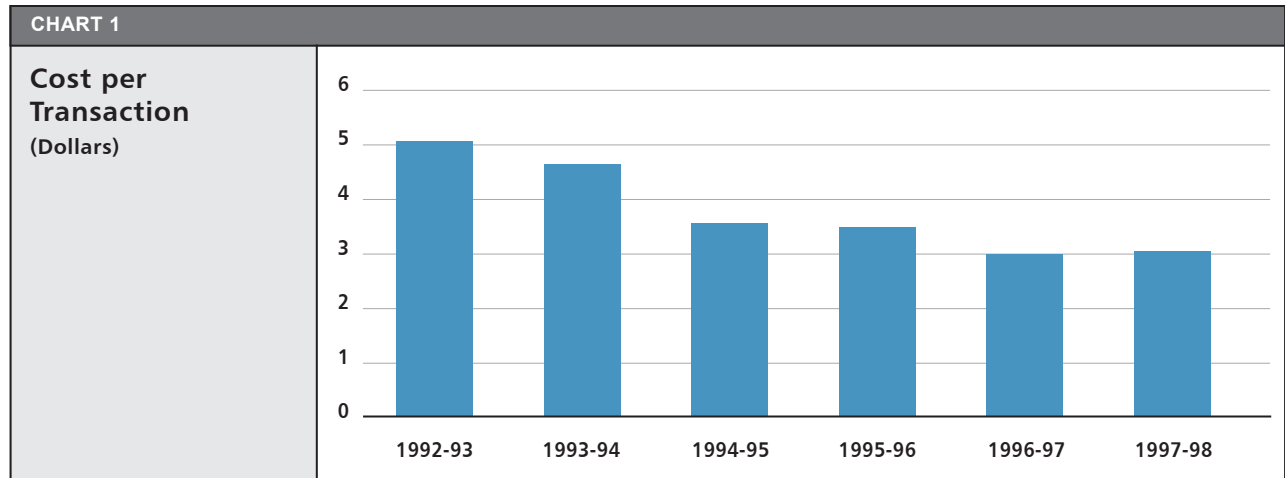


In terms of fees, the amount charged depends on whether the government considers the service to be essential or non-essential. Each fee comprises a government-set tariff, which is remitted to Service Alberta, and a commission that is kept by the registry. If a service is deemed essential (e.g. a driver's licence or vehicle registration), the province caps the commission a registry can charge. A five-year driver's licence, for instance, costs \$84, of which \$75 goes to the government and up to \$9 to the registry.¹⁷ For services deemed non-essential, which include most corporate registry, personal property registry, vital statistics, and privatized land titles services, there is no commission cap. So, although registries in theory could charge whatever they like for these services, market forces keep prices competitive. A consumer who does not like what one registry is charging for a marriage licence is free to go elsewhere and pay less. Registries can also undercut their competitors by offering lower prices on essential services. There is nothing stopping a registry from charging, say, \$7, rather than the maximum commission of \$9, for a driver's licence renewal to attract more business.

When the Klein government first announced its plan, opponents were quick to present a series of doomsday scenarios, including skyrocketing fees and plummeting service standards. Twenty years have passed since the province's first private registries opened their doors, so the record is there to assess. Positive, negative, or somewhere in between: what has Alberta's experience been?

First, Alberta spends considerably less administering its registries than it once did. One measure is the cost per registry transaction¹⁸ (see Chart 1, next page), which, between 1993 and 1999, fell by nearly 30 per cent, from \$4.62 to \$3.21. Total expenditures are, of course, another measure. In fiscal year 1992/93, the year before the province's privatization initiative, the government expended nearly \$60 million on its registries. By the following year, that amount had fallen by \$10 million. Four years on, the government was spending just under \$37 million annually, a drop of nearly 38 per cent (see Chart 2, next page).¹⁹ When considering these figures, however, it is important to bear in mind the Klein government's greater deficit-reduction efforts. Although consolidating and privatizing registry service delivery undoubtedly realized savings for the provincial treasury, the initiative was not solely responsible for this expenditure reduction. The government's original *Balanced Budget Plan* called for a 20 per cent across-the-board reduction in program expenditures by fiscal year 1996/97. The government, however, later backed away from making the planned cuts to education, advanced education, and health and social services, looking instead to other departments to cut deeper. Municipal Affairs was one such department, and its budget ended up being reduced by closer to 45 per cent.²⁰ The government estimated that its registry initiative realized savings of \$12 million in the first two fiscal years,²¹ representing just over 50 per cent of the total expenditure reduction.





Sources: Alberta, Alberta Municipal Affairs, *Annual Report* (Edmonton, various years).

The reductions in administrative duplication and civil servant staffing levels were primarily responsible for these savings. Two hundred and eighty-seven full-time registry jobs were eventually eliminated.²² These employees were given the choice of applying for jobs elsewhere in the civil service or accepting a severance package. There was, of course, another option: to work for one of the new private registries. Given their experience and familiarity with the government’s computer system (which would continue to be used), many of these employees were hired on by the new registries,²³ some with salary and benefit packages that matched those of their previous jobs.²⁴ (An attendant benefit of privatization was the increase in jobs: 225 private registry offices obviously employ far more Albertans than did the handful of provincial offices prior to privatization.)

Second, registry fees, despite opponents’ assertions to the contrary, have remained competitive with those of other Canadian jurisdictions. It is true that fees did increase



slightly following privatization, but one has to be mindful of the economic and political climate in Alberta at the time. The Klein government had promised to balance the budget without raising taxes, a promise it kept. Although the government returned the province to the black, largely through unprecedented spending cuts, it also relied on higher user fees to raise an additional \$81 million annually. Between 1993 and 1996, the cost of registering a vehicle for one year increased to \$52.28 from \$50, while a five-year driver's licence went from \$40 to \$44.28.²⁵ Since 1999, the year the government began keeping comparative data, fees for two of the most common registry services — driver's licence renewals and passenger vehicle registration — have remained consistently below the Canadian average.²⁶

Registry fees are not a mere reflection of administrative costs; rather, they are an important source of revenue for provincial governments. The difference between what governments spend on their registries and what they collect in revenue is often considerable. When the economic tide turns, fees are often one of the first things targeted by revenue-desperate governments. Government delivery of registry services in and of itself, therefore, does not, as its proponents argue, ensure lower fees. Governments can — and regularly do — hike fees for reasons completely unrelated to registries administration.

Finally, privatization has dramatically improved access to registry services for Albertans, with more offices open longer hours. Before privatization, there were 11 provincial motor vehicle registry offices located in Edmonton, Calgary, Red Deer, Fort McMurray, Lethbridge, Medicine Hat, and Grande Prairie.²⁷ By 1994, there were 217 private outlets offering motor vehicle and other registry services in communities across the province. The increase in some cases was staggering. Calgary, for instance, went from having three government outlets to 26 private registry offices in less than a year.²⁸ Today, there are 225 registry outlets in the province, many of which are open outside the traditional window of Monday through Friday from 9 am to 5 pm. An increasing number of services are also available online, including vehicle registration renewals. Although admittedly more difficult for those living in rural areas, Albertans living in larger centres have little trouble finding registry offices open on Saturday (and sometimes even on Sunday). The overwhelming majority of Albertans are also happy with the service they receive at these offices. Beginning in 1999, the government hired a marketing research firm to conduct a yearly survey of Albertans who accessed registry services. During the 11-year period the surveys were conducted, private registries scored an average satisfaction rating of 89 per cent (ranging from a low of 86 per cent to a high of 95 per cent). By way of comparison, the provincially run land registry offices scored a 77 per cent average approval rating during the same period.²⁹



In short, there is little doubt that Albertans have access to better quality, more convenient registry services since the government privatized delivery. There are more offices open longer hours offering services for fees that are comparable to — and, in many cases, lower than — those in other provincial jurisdictions. In the odd case where they are dissatisfied with the quality of service at a private registry, “Albertans,” as CTV’s Question Period host Don Martin, then the Ottawa correspondent for the *Calgary Herald*, noted in an article he wrote praising Alberta’s registries after moving to Ontario, “have a simple reaction to long line-ups and lousy service at one outlet: they go to another outlet.”³⁰ The government, obviously, has benefited as well, spending \$15.96 per Albertan in fiscal year 2013/14 to administer the province’s registries as opposed to the \$23 (which, adjusted for inflation, is actually \$35³¹) it spent annually before privatization. At the same time, registries have remained an important source of revenue for the province, which collected nearly \$550 million more in revenues than it spent in the same fiscal year.³²

Ontario

While Alberta has gone the furthest, Ontario was actually the first province to involve the private sector, and the process was a multi-partisan affair. In 1980, the PC government of Bill Davis launched POLARIS (Province of Ontario Land Registration System), a project to automate the province’s land registration system. Until then, Ontario’s system had been made up of tens of millions of documents kept in paper and on microfiche at 55 provincial land registry offices.³³ Under the antiquated system, title searches could take days and require visits to multiple offices. With POLARIS, the government proposed digitizing these records to allow searches and registrations through the then novel use of computers.

Realizing that developing such a system would be costly and time consuming, the Liberals decided to seek out a private partner with the requisite financial and technical resources after they took office in 1985. A bidding process was launched, and Real/Data Ontario Inc. was given the nod.³⁴ Before the contract could be signed, however, the Liberals were defeated in the 1990 provincial election. After reviewing the deal and concluding it was in the province’s best interest, the incoming New Democratic Party (NDP), the province’s first social democratic government, signed an agreement establishing a public-private partnership to develop and operate a computerized land registry system that could be accessed remotely.

The province and Real/Data each provided \$29 million for their equity in the new



venture, Teranet. In addition to acquiring 40 per cent of the company's voting shares, the province also received special shares that entitled it to 50 per cent of the dividends and distributions declared by Teranet, as well as preferred shares for the work it had already completed on the project (the province had already converted about 250,000 properties to the POLARIS electronic format).

Although Ontario transferred ownership of POLARIS to Teranet, including all hardware, software, licences, and associated trademarks, the province retained ownership of the original land registration documents, all the information contained therein, as well as survey and parcel mapping data under the agreement.³⁵ It also held the right to set the fees for most services. In terms of revenue sharing, Ontario would remit all the fees it collected using POLARIS to Teranet, which, in turn, would return a royalty of 25 per cent for registration-related revenue and 5 per cent for certain other services.³⁶ Between 1991 and 2000, the company received \$235 million in registration-related service fees, of which \$45 million was returned to the provincial government.³⁷

In 1999, the first electronic land registration in the world took place in Middlesex County in southwestern Ontario using Teraview, the application developed by Teranet to provide remote access to POLARIS.³⁸ Licensed clients, including lawyers, paralegals, title searchers, and financial institutions, were now able to access the database without having to go to a provincial land registry office. (Ontario's land registry offices did, however, keep their doors open, and the province is still responsible for running them). More than 100 of the company's ROSCO (Remote Online Search Capability Ontario) terminals have since been installed in land registry offices and Service Ontario locations across the province, making it easier for Ontarians to access the province's land records directly.

The development of Ontario's online land titles registry was not a seamless process. Snags, some considerable, were encountered. With the benefit of hindsight, the initial time and money estimates offered in 1991 were overly optimistic, failing to take into account the volume and complexity of work to be done. While the first 60 per cent of the 4.3 million land titles were straightforward, the remainder were riddled with instances of inaccurate conveyancing and surveying.³⁹ The downturn in the real estate market in the early 1990s was also partly to blame, as it reduced Teranet's cash flow from electronic registrations. Unsurprisingly, the project ended up costing more and taking longer than initially anticipated. The majority of Teranet's revenues were ploughed back into the company to support project development, operation, and maintenance expenses.⁴⁰ Although the provincial government received royalties throughout this period, they were not as high as originally hoped because of these costs.^{41/42}



Despite this wobbly start, Teranet eventually found its financial footing, posting an operating profit of \$118 million on revenue of \$190 million in 2003.⁴³ The company, which has since succeeded in automating 99.9 per cent of the parcel base in Ontario, has sold its property registration technology as far afield as the Czech Republic, Lebanon, and Shanghai.⁴⁴ In a deal that expanded its strategic offerings, the company acquired an interest in Foster Moore International Limited, a New Zealand-based company specializing in registries technology, in 2014.

At home, Teranet continues to receive high marks from users, regularly scoring over 85 per cent in an annual customer survey conducted by Ontario's Minister of Government and Consumer Services. The company has developed a lucrative line of "value-added" services such as GeoWarehouse, a popular tool that offers land-related data to the real estate industry, surveyors, and government agencies. Unlike the products subject to statutory fees, the government does not regulate the prices of these services. In a deal worth \$75 million (discussed in the following section), Teranet also recently took over the operations of Manitoba's land titles and personal property registries.

Ontario has profited handsomely from Teranet's success. In its bid to balance the budget, the PC government sold the province's half interest in Teranet for \$370 million in 2003. Under the agreement, Ontario retained ownership of the data in the system and preserved its authority to set statutory fees, while continuing to own and operate the province's land registry offices. It also secured a clause ensuring it would receive a cut of the proceeds if the company were sold for a higher price in the future.⁴⁵ Three years later, the government reaped a windfall of \$573 million when Teranet went public by converting to an income trust.⁴⁶ Following the Harper government's decision to turn out the lights on the income trust party in 2006, Borealis, the investment arm of the Ontario Municipal Employee Retirement System, acquired the company for just under \$1.6 billion in 2008.

In 2010, the McGuinty Liberals extended Teranet's exclusive licences to provide electronic land registration and writs services in the province by an additional 50 years. In addition to netting an upfront payment of \$1 billion, the province will once again receive annual royalty payments (these payments had ceased after the 2003 sale).⁴⁷ For fiscal year 2017/18, the first year of the new agreement, the government estimates it will receive a payment of \$50 million, with this amount increasing in future years.⁴⁸ In the event Teranet "earns extraordinary profits," the province would also be entitled to additional payments. Under the agreement, the government will also continue to control fees for the most common services. Beginning in 2016, fees for certain services, including the registration of a plan in electronic format and writs



searches, will be adjusted annually by 50 per cent of the Consumer Price Index (CPI).⁴⁹

In addition to hundreds of millions of dollars in revenue, Ontario has also realized significant savings as a result of this partnership. Indeed, transferring the cost of research and development of the POLARIS system to Teranet saved the province \$300 million.⁵⁰

Manitoba

Reeling from the financial fallout of the 2008 downtown and the 2011 Red River flood, the Manitoba government made a commitment in its 2012 budget to sell \$75 million in public assets. That summer, the province retained the professional services firm Deloitte to review an offer put forth by Teranet to operate Manitoba's land titles and personal property registries (collectively known as the Property Registry). Following Deloitte's assessment that the offer reflected the value of the Property Registry — and its determination that Teranet "was the only significant private sector company that had previously acquired and was successfully operating a land registry system in a jurisdiction with characteristics similar to Manitoba"⁵¹ — the province signed a 30-year agreement that deposited \$75 million into its coffers.⁵² In addition to this lump sum, Manitoba will receive annual royalty payments based on transaction volumes, an amount that in 2014 came to \$11 million.⁵³ The province projects this payment will increase steadily over time, reaching \$24 million annually by the end of the 30-year term.⁵⁴

Under the agreement, Teranet took on the substantial financial responsibility of developing an online system to search and register property. To ensure acceptable turnaround times for land titles registrations, Manitoba and Teranet have agreed to certain performance triggers. In the event these trigger levels are exceeded, the province is entitled to levy fines that can increase by the day. Just as Ontario does under its agreement, Manitoba retains ownership of the data used by Teranet and, as a result, it continues to be protected by provincial privacy laws. Similarly, Teranet cannot raise fees at will. The agreement limits increases to the consumer price index plus one per cent. The company is allowed to develop and distribute value-added products, provided the government signs off on them first. The fees for these products, however, are not subject to the province's approval.⁵⁵

The province did take steps to preserve aspects of the previous order. Teranet, for instance, agreed to hire the provincial employees who worked for the Property Registry. Although they will no longer be on the public payroll, they are entitled to



be represented by the union of their choice, and will remain part of the Civil Service Superannuation Plan. The company is also responsible for operating the Property Registry's offices, and no changes can be made, including office closures, without the province's approval.

Saskatchewan

Manitoba's westerly neighbour forged a unique path: contracting out to a recently privatized Crown corporation. In 2000, the NDP government of Roy Romanow consolidated the province's land registry system, land surveying body, and geomatics services into a new Crown corporation, the Saskatchewan Land Information Services Corporation.⁵⁶ The new entity was soon renamed the Information Services Corporation of Saskatchewan (ISC) to allow it to assume new, non-land-related responsibilities, and the following year it took over the province's personal property registry. The vital statistics registry and corporate registry followed suit after the 2007 election of the Saskatchewan Party.

In 2012, the new government announced its plan to take the Crown corporation public, introducing legislation later that fall authorizing ISC to sell shares. Of the 60 per cent that would be sold to the public (the government intended to hold on to 40 per cent of the shares), five per cent would be set aside for ISC employees, another 45 per cent would be offered to Saskatchewan residents, and the remaining 50 per cent would be available to other investors.⁵⁷ The legislation stipulated that the province would hold a "golden share" in the company, giving it the right to veto any move by ISC to move its head office out of Saskatchewan. The bill further prohibited any individual investor or group of associated investors from purchasing more than 15 per cent of the shares. Additionally, the province would continue to own all the records and information stored in the registries (the vital statistics registry, which had been a part of ISC since 2008, was transferred back to the government).⁵⁸

Exercising an overallotment option allowing it to sell more shares, Saskatchewan sold a 69 per cent ownership interest in ISC for net proceeds of \$156.2 million in 2012.⁵⁹ The demand for shares in the newly privatized ISC was strong: the 45 per cent offering allocated for Saskatchewan residents was duly snatched up, while 270 ISC employees, fully 80 per cent of the company's workforce, also became shareholders.⁶⁰

The province and ISC have negotiated an agreement under which the company will exclusively manage and operate Saskatchewan's land titles, personal property, and corporate registries for a 20-year term. The fees charged for these services will continue



to be controlled by the province, but ISC will be allowed to introduce increases based on a prescribed formula tied to inflation. Although many of the most popular services (such as registering a business name or incorporating a business) can be accessed online, ISC also operates eight customer service centres located throughout the province. In 2015, the company reported net income of \$5 million for the second quarter and announced a quarterly cash dividend beginning in October.⁶¹

The move has not been without its critics, particularly the Saskatchewan Government and General Employees' Union and the opposition NDP. They pose a fair question: what is the benefit in privatizing a profitable Crown corporation? There are, in fact, two good reasons for doing so. First, the move allows ISC to realize its growth potential by enabling the company to sell its products and services wherever there is a need, be it across the country or around the world (creating more jobs in the province along the way). And second, by expanding outside of Saskatchewan, ISC is able to spread such costs as technology maintenance and enhancement over a larger customer base, which is good news for shareholders, including the Saskatchewan government.



Profiles of the Nova Scotia, and Newfoundland and Labrador registries

Nova Scotia

Nova Scotia moved to a one-window approach to service delivery in 1996 with the creation of the Department of Business and Consumer Services.⁶² The department was later moved to the Department of Service Nova Scotia and Municipal Relations. In 2014, the department split in two, and its registries functions fell to the newly created Service Nova Scotia, which has approximately 878 full-time employees.⁶³ Service Nova Scotia is responsible for all the province's various registries: the Registry of Motor Vehicles, the Nova Scotia Land Registry, the Condominium Registry, Vital Statistics, and the Registry of Joint Stock Companies.

Unfortunately, it is difficult to come up with a precise figure for what Nova Scotia spends annually on its registries. Unlike provinces such as Alberta and Newfoundland and Labrador, Nova Scotia only partially separates its registry spending from other departmental expenditures (see Table 1). So, although the department's "service delivery" expenditure category includes the 13 Access Nova Scotia offices and the province's various stand-alone motor vehicle, land, and commercial registry offices, it also comprises a call centre and e-service channel.⁶⁴ As well, Service Nova Scotia offices themselves offer more than just registry services, including business licensing and debtor assistance. That said, registry services are still its primary responsibility. Therefore, one can conservatively estimate that three-quarters of the "service delivery" budget goes to the administration of the province's registries (i.e. \$27 million in fiscal year 2013/14, for a total annual registry expenditure of just over \$33 million).

	2009/10	2010/11	2011/12	2012/13	2013/14
Service delivery	\$ 33,670,000	\$ 35,032,000	\$ 37,957,000	\$ 37,993,000	\$ 36,086,000
Motor vehicle registry	\$ 3,544,000	\$ 3,450,000	\$ 3,534,000	\$ 4,083,000	\$ 3,258,000
Land and property	\$ 1,188,000	\$ 1,096,000	\$ 1,037,000	\$ 1,107,000	\$ 1,192,000
Vital statistics	\$ 1,726,000	\$ 1,747,000	\$ 1,982,000	\$ 1,733,000	\$ 1,670,000
Total	\$ 40,128,000	\$ 41,325,000	\$ 44,510,000	\$ 44,916,000	\$ 42,206,000

Source: Nova Scotia, Department of Finance, *Estimates and Supplementary Detail* (Halifax, various issues).



Likewise, from the available public documents, it is difficult to ascertain the precise amount the province collects in registry revenues. Although motor vehicle revenues are presented as a stand-alone amount, land title and personal property registry fees are lumped in with other sources such as timber licences.⁶⁵ Motor vehicles are far and away the largest source of registry revenue, and in fiscal year 2013/14, Nova Scotia collected just over \$121 million in fees from this source (see Table 2).

2009/10	2010/11	2011/12	2012/13	2013/14
\$ 111,763,000	\$ 112,281,000	\$ 117,084,000	\$ 117,527,000	\$ 121,239,000*

* Estimate

Source: Nova Scotia, Department of Finance, *Budget Assumptions and Schedules* (Halifax, various issues).

The province's three largest registries, the Registry of Motor Vehicles, the Nova Scotia Land Registry, and the Registry of Joint Stock Companies, are due for an estimated \$30 million in upgrades (\$4 to \$5 million each for the joint stock companies and land registries and about \$20 million for motor vehicles).⁶⁶ The government has engaged three companies about the possibility of taking on the work: Teranet, Saskatchewan's Information Services Corporation, and Serco Group, a British outsourcing company specializing in a range of services, including transport, aviation, and drivers' licensing. Following a vendor pre-qualification that will gauge the companies' interest and what they have to offer, the government will decide whether to issue a request for proposals.

Newfoundland and Labrador

Registry services in Newfoundland and Labrador are administered and delivered by Service NL, the department responsible for the licensing, permitting, inspecting, and regulating functions of government. Just as Nova Scotia did, Newfoundland and Labrador implemented a one-window approach to service delivery in the mid-1990s when it created Service NL's predecessor, the Department of Government Services.

One of the government's largest with over 500 employees, the department delivers commercial registrations (e.g. registration of deeds and incorporation of businesses), motor vehicle, and vital statistics services through five main and six regional Government Services Centres (GSCs) located throughout the province.⁶⁷ Not every



GSC, however, offers every registry service — only four of the offices, for instance, issue vital statistics certificates — but some services, including vehicle registration and filing articles of incorporation, are now offered online.

Between fiscal years 2009/10 and 2013/14, the province's annual expenditures on registries ranged from a low of \$11.6 million to a high of \$13.3 million (see Table 3). In each year, salaries accounted for than 50 per cent of the total amount; in 2013/14, for instance, Service NL spent \$12.8 million, of which just under \$7.3 million, or 53 per cent, went toward salaries.

TABLE 3					
Annual Expenditures on Registries, Newfoundland & Labrador (Fiscal Years 2009/10 to 2013/14)					
	2009/10	2010/11	2011/12	2012/13	2013/14
Salaries	\$ 7,157,363	\$ 7,478,362	\$ 7,870,471	\$ 7,839,528	\$ 7,275,896
Employee benefits	\$ 83,783	\$ 88,684	\$ 113,021	\$ 87,672	\$ 113,476
Other*	\$ 4,426,041	\$ 4,286,580	\$ 4,790,917	\$ 5,420,171	\$ 5,438,931
Total	\$ 11,667,187	\$ 11,853,626	\$ 12,774,409	\$ 13,347,371	\$ 12,828,303

* Expenditures on transportation, communications, supplies, purchased services, property, furnishings, and equipment.
Source: Newfoundland and Labrador, Service NL, *Annual Report* (St. John's, various issues).

In 2013/14, the most recent year for which figures are available, the province collected more than \$121 million in revenue from its various registries (see Table 4). This figure likely will increase in future years, as, in a bid to bolster its revenues, the government introduced a series of fee hikes in the 2015 budget.

TABLE 4				
Annual Registry Revenues, Newfoundland & Labrador (Fiscal Years 2009/10 to 2012/13)				
	2009/10	2010/11	2011/12	2012/13
	\$ 112,977,000	\$ 113,113,000	\$ 121,829,000	\$ 121,840,000

Sources: Newfoundland and Labrador, Service NL, *Annual Report* (St. John's, various issues); idem, *Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund* (St. John's, various issues).



Lessons learned

With Ontario, Alberta, Manitoba, and Saskatchewan serving as instructive examples, the economic downturn and its attendant financial implications providing the impetus, and the governments in Halifax and St. John's prepared at least to consider the opportunity, what could Nova Scotians and Newfoundlanders and Labradorians expect from privatized or contracted-out registry service delivery?

Government registry expenditures

Whether through privatization or contracting out, private sector involvement in registry service delivery cuts costs for government. In 1992, the year before privatization, Alberta spent \$59.4 million annually on service delivery, which, adjusted for inflation, is nearly \$90 million in today's dollars. At that time, the province's population was 2.5 million. In fiscal year 2013/14, the province spent just over \$65.7 million to serve a population of 4.1 million, which works out to \$15.96 per resident. Nova Scotia and Newfoundland and Labrador, by comparison, spent \$25.63 and \$24.34, respectively, per resident in 2013/14 to administer their registries. Be it driving a car, getting married, or buying a house and registering a mortgage, the vast majority of Canadians use registry services, so per capita expenditures are a fair gauge.

The deals Ontario, Manitoba, and Saskatchewan struck with private sector providers are realizing savings for those provinces as well. The move has relieved them of the financial responsibility of administering their land title registries — and, in Saskatchewan's case, also its corporate and personal property registries, and, in the case of Manitoba, also its personal property registry — as well as such development costs as investing in new technologies, while providing each with a steady stream of revenue in the form of royalties or dividends.

Fees

According to its proponents in the public sector, government delivery of registry services means lower prices for consumers. There is no evidence, however, to support this contention. Albertans pay less to register their cars and get married than do Nova Scotians (see the Appendix for provincial price comparisons for common registry services). And not only does it cost \$16 more to renew a driver's licence in Newfoundland



and Labrador than it does in Alberta, it costs nearly twice as much to register a car.

One service that Nova Scotians and Newfoundlanders and Labradorians undoubtedly pay less for than do Albertans is filing articles of incorporation. Unlike registering a car or renewing a driver's licence, Alberta does not cap the registry fee for this service. On average, it costs \$416.25 to incorporate a business in Alberta, but an entrepreneur who is willing to shop around first can pay less. In a randomly selected group of Alberta registry offices, prices ranged from a high of \$420 to a low of \$355, which is just slightly more than the cost in Nova Scotia. One cannot take away from this, however, that, without a price cap, the service is always more expensive under free market conditions. Marriage licences, which are not price capped in Alberta, cost less — sometimes by a considerable margin — than they do in any other province except for Saskatchewan and Newfoundland and Labrador.

As for land title fees in Ontario, Manitoba, and Saskatchewan, they have not, as some critics predicted, increased significantly since these provinces contracted the service out to the private sector. Teranet and Information Services Corporation cannot hike fees at will; the governments of the three provinces control the fees charged for most services, and they can be raised only according to prescribed formulas tied to inflation. Prices in the three provinces accordingly remain comparable with those in other Canadian jurisdictions. It costs less to register a mortgage in Manitoba (\$80) and Ontario (\$71.30) than it does in Nova Scotia (\$100), and although the fee is higher in Saskatchewan (\$150), it is still only a fraction of that charged in Newfoundland and Labrador (\$898), where the fee depends on the amount of the mortgage.

In short, the greatest determinant of registry fees is not how services are delivered, but how willing the government is to use these fees to bolster its revenues. Newfoundland and Labrador recently increased fees on a range of registry services — hiking the fee for registering a car to \$160 from \$140, for example — not because the cost of providing the service had increased, but because the province was facing a \$1.1-billion deficit and needed to increase revenues.⁶⁸ Similarly, Alberta's PC government also proposed hiking fees to help get the province's finances back in the black before it was defeated at the polls. Registry fees are an important source of revenue for provincial governments, and as such, they will continue to be a tempting target for governments looking for new funds for the provincial treasury.

Service convenience

As anyone who has had to leave work early to dash to a government office before



it closes its doors can attest, the accessibility of public services often leaves much to be desired. Alberta has more registry offices per capita, open longer hours, than does either Nova Scotia or Newfoundland and Labrador. Combined, the two Atlantic Canadian provinces have 28 offices offering either full or partial motor vehicle registry services (20 in Nova Scotia and eight in Newfoundland and Labrador). Alberta has 225. The difference in registry accessibility becomes even more apparent when population is taken into consideration. With one office for every 18,318 residents, Alberta has nearly two and a half times the number of offices per capita as Nova Scotia and more than three and a half times as many as Newfoundland and Labrador (see Table 5).

TABLE 5		
Ratio of Motor Vehicle Registry Offices to Residents in Nova Scotia, Newfoundland & Labrador, and Alberta*		
Nova Scotia	Newfoundland & Labrador	Alberta
1 : 47,135	1 : 65,875	1 : 18,318

* Provincial population figures based on 2014 Statistics Canada data (<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo02a-eng.htm>).

Prior to 1993, Alberta had 11 provincial motor vehicle registry offices in seven cities. With hundreds of entrepreneurs vying for the opportunity, the number of offices shot up dramatically after privatization. Edmonton, for instance, went from having three offices to 26 offices in less than a year.⁶⁹ Today, the province's capital, including surrounding environs, has 37.⁷⁰ Lethbridge's 93,000 residents have six offices offering a range of registry services; in 1992, the city had a single motor vehicle registry office.

Not only are there more offices per capita in Alberta, they offer, by and large, better hours than do their Atlantic Canadian counterparts. Access Nova Scotia's offices are open Monday through Friday from 8:30 am to 4:30 pm.⁷¹ Although most of the offices offer extended hours three days a week until 7:00 pm, not a single one is open on the weekend. The hours at the stand-alone motor vehicle offices are even less convenient: the office in Guysborough, for instance, is open only on Tuesdays from 10:00 am to 2:00 pm. In Newfoundland and Labrador, Government Service Centres open at 8:30 am (in summer, many do not open until 9:00 am) and close at 4:00 pm; none is open on the weekend.⁷² While many registries in rural Alberta are only open Monday through Friday, Albertans living in larger centres can find offices that are open on Saturday (and sometimes even on Sunday). Of those open only on weekdays, most are open past 4:30 pm.

In Ontario, digitizing the province's land title records and providing remote access has greatly enhanced convenience. As opposed to having to go into a land title



office, title searches and registrations can be done from a lawyer's office. Ordinary Ontarians can access the province's land records directly through Teranet's more than 100 ROSCO terminals, which are located in land registry offices and Service Ontario locations across the province. Ontarians (and soon Manitobans) also benefit from a series of "value-added" services developed by Teranet, such as GeoWarehouse, a popular tool that offers land-related data to the real estate industry, surveyors, and government agencies. In Saskatchewan, Information Services Corporation is poised to do the same. Indeed, the company recently acquired a 30 per cent share of OneMove Technologies Inc., a Canadian company that specializes in the development and marketing of Internet-based software applications and services related to the transfer of real estate.



The road ahead

Nova Scotia and Newfoundland and Labrador face the same twin challenges of burdensome levels of debt and growing demand for core services. Nova Scotia's net debt hit an all-time high of \$14.8 billion last year, and it continues to grow.⁷³ The province is forecast to spend \$862 million, or 8.8 per cent of total revenues, servicing its debt in fiscal year 2015/16,⁷⁴ more than on assistance to universities, justice, and rural development and tourism combined.⁷⁵ With nearly 416,000 fewer people than Nova Scotia, Newfoundland and Labrador is projected to spend \$807 million in debt-servicing costs this fiscal year, which works out to 11.6 cents of every dollar in revenue.⁷⁶

These financial millstones are compounded by a difficult demographic reality: an aging population. In 1971, the media age in Canada was 26.2 years. By the time of the 2011 Census, it was 39.9 years. Seniors are the fastest-growing age group in the country.⁷⁷ Nova Scotia has the highest percentage of residents who are 65 or older (16.5 per cent), and Newfoundland and Labrador is not far behind (15.8 per cent). By 2036, these percentages are projected to hit, respectively, 28.6 per cent and 31 per cent.⁷⁸ More seniors mean more expenditures on health care, which is already far and away the most expensive provincial responsibility, and related programs such as long-term care and various community programs. With fewer Canadians working as a percentage of the population, there will be a smaller tax base to fund these escalating costs.

These challenges are not unique to Nova Scotia and Newfoundland; national and subnational governments around the world are facing the same budgetary and demographic realities. Indeed, this confluence of factors is causing many governments to re-evaluate their role in the economy and how services are delivered.⁷⁹ From transferring risk away from the public purse and fostering innovation to reducing costs and allowing government to focus its capacity and resources on more pressing priorities, the benefits of embracing alternative methods of service delivery are myriad.

Countries around the world are working with the private sector to deliver a range of services. A number of Australian states, for instance, use private providers for non-emergency patient transport, while a for-profit company handles most of Denmark's emergency services. In Norway, private firms are allowed to operate publicly funded hospitals, while its Scandinavian neighbour to the east, Sweden, allows private operators to manage publicly funded schools. Compared to these examples, reforming registry service delivery is a modest proposal.



Before moving forward, however, it is important to ask two questions: first, have other jurisdictions used alternative methods to deliver registry services?; and second) if so, have they been successful? We need not look far for the answers: yes and yes. Four provinces with governments ranging in stripe from blue to red to orange have formed various partnerships with the private sector to cut costs and improve service. In each case, practicality, not ideology, was the driving force.

While retaining responsibility for crafting policy and ensuring compliance, as well as continuing to administer (and pay the expenses associated with) the computer systems that support the province's various registries, Alberta allows private operators to deliver registry services, with the noted exception of land title registrations. This model has allowed Alberta to offload delivery costs to the private sector, which has created opportunities for small business owners, all the while allowing the government to keep most of the revenue generated by the province's registries. From Albertans' standpoint, the greatest benefit is better access to more convenient registry services at prices comparable to those of other Canadian jurisdictions.

In Saskatchewan, contracting the province's land titles, personal property, and corporate registries out to Information Services Corporation has allowed the government to transfer delivery and technology maintenance and development costs to the private sector. By privatizing the former Crown corporation (a move that netted \$156.2 million for provincial coffers), the province also enabled the company to grow beyond the province's borders, generating greater value for its shareholders — which include the provincial government and the ordinary Saskatchewanians who purchased the bulk of the shares — by selling its products and services around the world. By legislatively mandating that the company keep its head office in Saskatchewan, the government further ensured that any growth will create more jobs in the province.

Faced with registry upgrades beyond its capabilities (and a growing fiscal crisis), Ontario chose to partner with the private sector to modernize its land registry. The move allowed the province to share the risk inherent in such a costly undertaking, as well as benefit from its private sector partner's technological expertise. In addition to a steady stream of revenue in the form of royalty payments, the province has collected nearly \$2 billion dollars between selling its half-share in the company, reaping the windfall when the company converted (briefly) to an income trust, and extended the company's exclusive licences to provide electronic land registration and writs services. With its land and personal property registries in need of upgrades beyond its financial and technological capabilities, Manitoba stands to benefit from its partnership with Teranet.



Nova Scotia and Newfoundland and Labrador, therefore, have a number of models from which to choose, depending on which objectives they wish to achieve. They can, of course, also, mix elements of two or more to develop one that works best for them. Before the two provinces proceed (if, that is, they choose to do so), they need to make three critical decisions:

- Which registries do they wish to involve the private sector in?
- Will they retain responsibility for the computer systems that support their respective province's registries? (The cost of doing so is not insignificant. Alberta spent \$22.2 million on its Registry Information Systems in fiscal 2013/14)?
- Who will deliver the in-person services, public sector employees, private sector employees, or, as in Manitoba's case, private sector employees with public sector perks?

If they wish simply to download delivery costs, for instance, they could follow Alberta's lead and allow private registry offices. If they wish to relieve themselves of the financial obligation inherent in maintaining and upgrading their registry systems, they could contract a private partner to do so, as Ontario and Manitoba have done — indeed, this is the model Nova Scotia has expressed interest in pursuing. If they wish to receive a substantial upfront cash injection and subsequent royalty payments, they should, again, look to Ontario and Manitoba. If they wish to cut the public payroll and create more private sector jobs, Alberta's model is the way to go. If they wish to shrink the public sector while protecting the same jobs, they could strike a deal such as Manitoba did with Teranet.

Regardless of the routes these provinces choose, two things are certain: first, Nova Scotians and Newfoundlanders and Labradorians would be in line for better quality registry services; and second, the provinces would spend less on registries than they do now, thus freeing up scarce resources for more pressing priorities such as health care. With yesterday's spending decisions eating up more and more of today's revenues, governments need to save every dollar they can. And with more and more Canadians reaching retirement age, and fewer Canadians working as a percentage of the population, governments need to spend these dollars as wisely as possible.



Appendix

Annual Price Comparison of Common Registry Services					
Province	Five-Year Driver's Licence Renewal	One-Year Vehicle Registration	Marriage Licence	Land Title Search	Incorporation of a Provincial Corporation
British Columbia	\$75.00	See note 1	\$100.00	\$11.32 in person; \$10.50 online	\$351.50
Alberta	\$84.00a	\$84.00a	\$81.73b	\$20.69b	\$416.56b
Saskatchewan	\$100.00	See note 1	\$60.00	\$10.82	\$274.68 in person; \$222.75 online
Manitoba	See note 2	See note 1	\$100.00	\$23.00	\$350.00 with share capital; \$120.00 without share capital
Ontario	\$80.00	\$98.00 southern Ontario; \$49.00 northern Ontario	\$143.60c	\$9.00	\$360.00 in person; \$300.00 online
Quebec	See note 2	\$323.58d Montreal; \$278.58 rest of province	See note 3	\$4.00 in person; \$1.00 online	\$322.00
New Brunswick	\$105.00e	\$72.00	\$100.00	\$18.50 in person	\$262.00 in person; \$312.00 online
Nova Scotia	\$80.15	\$88.45f	\$132.70	\$6.59	\$336.40
Prince Edward Island	\$116.67g	\$100.00	\$100.00	\$0.50 in person	\$265.00
Newfoundland & Labrador	\$100.00	\$160.00	\$50.00	\$5.00 in person; \$10.00 online	\$300.00 in person; \$270.00 online

- a Maximum allowable amount that can be charged under government regulations.
- b Average price based on a random selection of 10 per cent of the province's registries. The distribution was geographically representative.
- c Marriage licence fees vary from municipality to municipality in Ontario. This figure is the average of the amount charged in the province's ten most populous cities.
- d In addition to a \$113 registration fee, Quebec drivers must also pay an insurance premium of \$135.58 and make a mandatory contribution to public transportation, which is \$75 in Montreal and \$30 in the rest of the province.
- e Drivers in New Brunswick can renew their licence only for four years at a cost of \$84. This amount is calculated by multiplying the yearly amount of \$21 by five.
- f Vehicle registrations in Nova Scotia are for two years. This represents half of the total cost.
- g Drivers in Prince Edward Island can renew their licence only for three years at a cost of \$70. This amount is calculated by multiplying the yearly amount of \$23.33 by five.



Note 1: There is no flat rate for vehicle registrations in British Columbia, Saskatchewan, and Manitoba, each of whose automobile insurance systems are owned and operated by the provincial government. Vehicle registration is included in insurance premiums.

Note 2: There is no flat rate to renew a driver's licence in these provinces. In Manitoba, drivers pay an annual fee based on their driving record. In Quebec, a driver with no demerits pays \$91.46, broken down between an insurance premium of \$69.71 and licensing fees of \$21.75.

Note 3: There is no flat rate for a marriage licence in Quebec if someone other than a court clerk or municipal representative performs the marriage. It costs \$268 plus tax to get married at city hall by a county clerk.



Endnotes

1. Hillary Clinton, "Remarks at the Clinton Global Initiative," US Department of State, September 24, 2012; available online at <http://www.state.gov/secretary/20092013clinton/rm/2012/09/198094.htm>; accessed August 1, 2015.
2. "Privatizing some public services on the table for budget: Paul Davis," *CBC News*, March 5, 2015; available online at <http://www.cbc.ca/news/canada/newfoundland-labrador/privatizing-some-public-services-on-the-table-for-budget-paul-davis-1.2983139>; accessed August 13, 2015.
3. RBC Economics Research, "Newfoundland & Labrador Provincial Outlook," June 2015; available online at <http://www.rbc.com/economics/economic-reports/pdf/provincial-forecasts/nl.pdf>; accessed August 13, 2015.
4. "Nova Scotia government moves closer to off-loading public registries," *Canadian Press*, July 21, 2015; available online at <http://www.cbc.ca/news/canada/nova-scotia/nova-scotia-government-moves-closer-to-off-loading-public-registries-1.3161729>, accessed August 13, 2015.
5. Ontario Chamber of Commerce, *Unlocking the Public Service Economy in Ontario: A New Approach to Public-Private Partnership in Services* (Toronto, 2014), 9.
6. *Ibid.*, 4.
7. The author would like to express her indebtedness to Dr. Christopher Bruce of the University of Calgary. The following typology is based on one he presented in "Rethinking the Delivery of Government Services," in *A Government Reinvented: A Study of Alberta's Deficit Elimination Program*, ed. Christopher J. Bruce, Ronald D. Kneebone, and Kenneth J. McKenzie, 421–55 (Toronto: Oxford University Press, 1997).
8. Tom Gash and Nehal Panchamia, *When to Contract: Which Service Features Affect the Ease of Government Contracting?* (London: Institute for Government, 2013), 9.
9. Ted Morton and Meredith McDonald, "The Siren Song of Economic Diversification: Alberta's Legacy of Loss," *University of Calgary School of Public Policy Research Paper 8* (March 2015): 16.
10. Robert Mansell, "Fiscal Restructuring in Alberta," in Bruce, Kneebone, and McKenzie, *Government Reinvented*, 16.
11. Barry Cooper and Mebs Kanji, *Governing in Post-Deficit Times: Alberta in the Klein Years* (Toronto: University of Toronto Press, 2000), 34.
12. Alberta, Alberta Treasury, *A Financial Plan for Alberta: Budget '93* (Edmonton, 1993), 29.
13. Alberta Registries was transferred from Municipal Affairs to the newly created Ministry of Government Services in 1999. The department changed its name to Service Alberta in 2006.
14. Corinna Schuler, "Private outlets soon to sell driver's licences," *Calgary Herald*, November 2, 1993, A8.
15. Alberta, Alberta Treasury, *Securing Alberta's Future: Budget '94* (Edmonton, 1994), 105.
16. *Government Organization Act, Revised Statutes of Alberta 2000*, c. G-10; available online at <http://www.qp.alberta.ca/documents/Acts/g10.pdf>.
17. Alberta. Service Alberta, "Registry Agent Product Catalogue," March 5, 2015; available online at http://www.servicealberta.gov.ab.ca/pdf/Product_Catalogue.pdf; accessed June 7, 2015.
18. The average cost per transaction was calculated by dividing Alberta Registries' total actual expenditures by the total number of transactions.
19. When considering this figure, it is important to remember that Alberta Registries has retained responsibility for all the information systems supporting the various registries and land title registrations. In fiscal year 2013/14, these line items accounted for 55 percent of total registry expenditures.
20. Alberta, Alberta Treasury, *A Better Way II: A Blueprint for Building's Alberta's Future* (Edmonton, 1995), Municipal Affairs 13.



21. *Ibid.*, Municipal Affairs 10.
22. *Ibid.*
23. Mark Lisac, "Privatization leading Alberta in some strange directions," *Edmonton Journal*, May 25, 1996, A8.
24. Dave Pommer, "Private registry pleases ex-Staff," *Calgary Herald*, December 18, 1993, A1.
25. Marta Gold, "Privatizing services puts free market to the test," *Edmonton Journal*, July 15, 1996, B3.
26. Annual reports of Alberta Government Services and Service Alberta between 1999-2000 and 2013-2014.
27. Prior to privatization, a number of private operators, located primarily in rural areas, had contracts to offer vehicle registration, driver examinations, and licensing services.
28. Dave Pommer, "Driver examiners criticize new system," *Calgary Herald*, December 3, 1993, A7.
29. Annual reports of Alberta Government Services and Service Alberta.
30. Don Martin, "Go east to find how Dr. West did best," *Calgary Herald*, September 17, 2000, A4.
31. Bank of Canada, "Inflation Calculator" (Ottawa); available online at <http://www.bankofcanada.ca/rates/related/inflation-calculator/>; accessed August 10, 2015.
32. Alberta, Service Alberta, *Annual Report 2013-2014* (Edmonton, 2014), 55.
33. Bob Aaron, "There's no turning back on plan to automate registry," *Toronto Star*, December 2, 2000, 6.
34. Peter Moon, "Ontario unable to release data on partner firm," *The Globe and Mail*, July 16, 1992, A10.
35. Ontario, Office of the Provincial Auditor, *Special Report on Accountability for Money* (Toronto, 2000), 68–9.
36. Ontario, Provincial Auditor of Ontario, *2002 Annual Report* (Toronto), 333.
37. Ontario, Office of the Provincial Auditor, *Special Report on Accountability for Money*, 68–9.
38. Corey Goldman, "Virtual land registry once radical, now routine," *Toronto Star*, August 30, 2004, D4.
39. Aaron, "There's no turning back," 6.
40. Ontario, Office of the Provincial Auditor, *Special Report on Accountability for Money*, 69.
41. *Ibid.*, 71.
42. The government has contended that the cost overruns were not nearly as significant as the provincial auditor general (and, as a result, the media) suggested. Speaking before the Standing Committee on Public Accounts in 2001, David Roote, the assistant deputy minister responsible for land registration, argued that the much-cited figure of \$275 million was not comprehensive. Indeed, when the deal was struck in 1991, the ministry estimated the total cost would run to just over \$400 million, or roughly \$500 million in 2001 dollars.
43. Eric Reguly, "Ontario mulling Teranet buyback at huge premium," *The Globe and Mail*, July 10, 2004, B3.
44. Aaron, "There's no turning back," 6.
45. Richard Mackie, "Province sells share of land-registry firm," *The Globe and Mail*, August 8, 2003, A7.
46. Ontario, Ministry of Finance, *2010: Ontario Economic Outlook and Fiscal Review* (Toronto, 2010), 51.
47. Ontario, Ministry of Finance, *Strong Action for Ontario: 2012 Ontario Budget*, (Toronto, 2010), 89.
48. Ontario, Ministry of Finance, "Modernizing Ontario's Electronic Land Registration System" (Toronto, November 18, 2010); available on line at <http://news.ontario.ca/mof/en/2010/11/modernizing-ontarios-electronic-land-registration-system.html>; accessed July 16, 2015.
49. Ontario, Ministry of Government Services, "Bulletin No. 2010-02: Land Titles Act; Registry Act; and Electronic Land Registry Services Act, 2010: Fees" (Toronto, December 16, 2010); available online at http://files.ontariogovernment.ca/ont06_024880.pdf; accessed July 12, 2015.



50. Roy Hrab, "Private Delivery of Public Services: Public Private Partnerships and Contracting Out," Research Paper 21 (Toronto: University of Toronto Panel on the Role of Government, January 2004), 48.
51. Manitoba, Manitoba Finance, *Transfer of Manitoba's Property Registry to Teranet Manitoba* (Winnipeg, 2014), Appendix 3.
52. This amount included an up-front fee for assets of \$7 million and an additional \$68 million as part of a licensing agreement to provide land title services on behalf of the province.
53. Manitoba, Manitoba Finance, *Public Accounts of Manitoba 2013-14* (Winnipeg, 2014), 1–9.
54. Manitoba, *Transfer of Manitoba's Property Registry*, 7.
55. *Ibid.*, 3–11.
56. In 2005, British Columbia made a similar move, creating a publicly accountable, statutory corporation to administer and operate the province's land title and survey systems.
57. Saskatchewan, "Information Services Corporation Backgrounder" (Regina, n.d.); available online at <http://www.gov.sk.ca/adx/asp/adxGetMedia.aspx?mediaId=1828&PN=Shared>; accessed July 16, 2015.
58. Bill 69, *An Act respecting Information Services Corporation*, 2nd Session, 27th Legislature, 2012.
59. Saskatchewan, Ministry of Finance, 2013-14 *Public Accounts* (Regina, 2014), 53.
60. "Selling crowns now okay to debate," *Saskatoon Star-Phoenix*, July 7, 2013, D4.
61. Corporation of Saskatchewan, Information Services, "ISC Declares Quarterly Dividend," last modified August 5, 2015; available online at <http://isc.investorroom.com/2015-08-05-ISC-Declares-Quarterly-Dividend>, accessed August 10, 2015.
62. Nova Scotia, "Government Administrative Histories Online"; available online at <http://novascotia.ca/archives/gaho/authority.asp?ID=12>, accessed August 10, 2015.
63. Nova Scotia, Department of Finance, *Budget 2014-2015: Estimates and Supplementary Detail* (Halifax, 2015), 20.30.
64. Nova Scotia, Department of Finance, *Budget Assumptions and Schedules 2013-14* (Halifax, 2014), 3.6.
65. Nova Scotia, Department of Finance, *Estimates and Supplementary Detail 2013-14* (Halifax, 2014), 20.1–20.6.
66. Michael Gorman, "Private sector asked for interest in N.S. motor vehicle, land registries," *Chronicle Herald* [Halifax], July 21, 2015; available online at <http://thechronicleherald.ca/novascotia/1300530-private-sector-asked-for-interest-in-n.s.-motor-vehicle-land-registries>, accessed August 31, 2015.
67. Newfoundland and Labrador, Service NL, *Service NL Annual Performance Report 2013-14* (St. John's, 2014), 9–10.
68. Sue Bailey, "Newfoundland budget raises taxes and fees, forecasts a \$1.1 billion deficit," *The Globe and Mail*, April 30, 2015; available online at <http://www.theglobeandmail.com/news/national/newfoundland-hiking-taxes-as-budget-forecasts-11-billion-deficit/article24187321/>.
69. Corinna Schuler, "Car-licence outlets springs up soon," *Edmonton Journal*, November 2, 1993, A8.
70. Alberta, Service Alberta, "Registry Agents," available online at <https://www.servicealberta.ca/1641.cfm>, accessed June 25, 2015.
71. Nova Scotia, Service Nova Scotia, "Office Locations"; available online at <http://novascotia.ca/sns/offices.asp>.
72. Newfoundland and Labrador, Service Newfoundland, "Motor Registration Division Locations and Mailing Addresses"; available online at http://www.servicenl.gov.nl.ca/departments/drivers_contact.html#exam, accessed August 12, 2015.



73. Geordon Omand, "Nova Scotia's net debt hits all-time high," *The Globe and Mail*, July 31, 2014; available online at <http://www.theglobeandmail.com/news/national/nova-scotias-net-debt-hits-all-time-high/article19879937/>, accessed September 2, 2015.
74. Nov Scotia, Department of Finance, *Budget Assumptions and Schedules 2015-16* (Halifax, 2015), 5.
75. Nova Scotia, Department of Finance, *Budget Highlight 2015-16* (Halifax, 2015), 6.
76. National Bank Financial Markets, "Newfoundland and Labrador 2015 Budget," April 30, 2015; available online at <https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/new-found-land-budget.pdf>, accessed September 2, 2015.
77. "Canadians in Context - Aging Population," Employment and Social Development Canada, accessed September 2, 2015, <http://well-being.esdc.gc.ca/misme-iowb/.3ndic.1t.4r@-eng.jsp?iid=33>.
78. *Ibid.*
79. Ontario Chamber of Commerce, *Unlocking the Public Service Economy in Ontario*.





ATLANTIC INSTITUTE FOR MARKET STUDIES

Making a Donation

AIMS is a registered charity that operates with the financial support of foundations, corporations and individuals and offers tax receipts for donations. AIMS does not receive government funding nor does it contract itself for specific research projects thereby enhancing the Institute's ability to think freely, to hold decision-makers accountable for the choices they make, and maintain its professional integrity and intellectual independence.

Cost of Research: Each research project has its own parameters with respect to the amount and quality of the information available, the level of expertise required by the researcher and the amount of time that it takes to complete the paper. The total cost tends to range between \$10,000 - \$20,000+ which includes the author's fee, oversight and guidance by our research team, proofreading, time, peer review, formatting, communications, radio ads, and media relations.

AIMS would like to invite you to join our group of valued supporters by filling in the form below. AIMS has been an influential voice in Canada for 20 years and those who support our mission and believe in moving it forward are integral to AIMS' continued success.

Name:

Organization:

Address:

Telephone:

Email:

Payment Method: Visa Mastercard Cheque
 \$250 \$500 \$1,000 Other

Card Number:

Expiry Date:

Card Holder:

Signature:

Please mail this form to:
287 Lacewood Drive,
Suite 204, Halifax, NS
B3M 3Y7

Or you may email it to aims@aims.ca.

If you wish to donate using our online portal,
go to the Support Us page on our website:
<http://www.aims.ca/en/home/supportus/default.aspx>