



INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF
THE WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
AND THE BOBST CENTER FOR PEACE AND JUSTICE

Series: Land Management

Interview no.: D1

Interviewees: Godfrey Archbold & Leslie Hildebrandt

Interviewer: Maya Gainer

Date of Interview: 8 September 2016

Location: Victoria, Canada

GAINER: Good morning and thank you both so much for talking with me. To start off would you mind each giving a little bit of background about what you were doing before you came to the LTSA (Land Title and Survey Authority) and how you came in?

ARCHBOLD: *I was working with the provincial government in an executive capacity, looking at land as a career stream, both public and of course, with the LTSA, private. I had some interesting opportunities to deal with issues which were in front of the government related to land. One of those turned out to be, as we'll discuss later, the question of how the land title system could be administratively restructured so that it could meet the needs of users and citizens better in British Columbia. So a lot of my career involved public land of which it comprises about 93% of the area of the province, [so there are] some interesting issues there.*

HILDEBRANDT: *My background is legal and also sort of focused on resource management, land administration. And I was also working with the provincial government, more in a legislation role to do with a number of matters, including BC assessment, [and] crown land administration. I worked in environmental assessment and environmental protection, so that is my background.*

When the province decided to establish the Land Title and Survey Authority I was contacted in terms of helping with the legislation and the initial operating agreement between the LTSA and the province. I was serving on behalf of the province in those negotiations. Then after the LTSA was set up Godfrey asked if I would want to come over. So Godfrey and I have been both been [here] from the very beginning of this initiative.

GAINER: Perfect. So logically the next thing I wanted to discuss is why change the land title or the land administration system, and how eventually the province came to this model?

ARCHBOLD: *One of the things that I think is helpful maybe Maya to start is a little contextual information about the system itself. We get lots of visitors who come and want to talk to us about particularly technology, and they want to talk about why the LTSA was created. But these particular vehicles didn't change the land title system itself.*

HILDEBRANDT: *I'm just going to give you this chart and when you go back into your notes have a look at this chart. It won't make any sense now but it relates to what he is going to say which is how the system has changed over time.*

GAINER: The ten-year report.

HILDEBRANDT: Yes.

ARCHBOLD: *So it is important to recognize. The system that we're responsible for administering is expressed in a number of statutes. Those rights come from, one might make the argument, about an 800-year tradition of English statute and common law. So there is this societal and legal foundation that our system is built on. And that becomes quite an interesting question when you're looking at other jurisdictions because the whole expectation of society, all of those who participate in the administration of the land title system, are all founded on this*

long-running series of rights and obligations and privileges that come from this long history of land rights beginning in the United Kingdom.

HILDEBRANDT: *The rule of law.*

ARCHBOLD: *The rule of law, absolutely. So as we talk about the LTSA, and we talk about all of what we'll call the "technology," and the system interfaces that we've developed, and they're all based on law. Every time we did something, Leslie's talents in helping to shepherd through the legislative changes, that ultimately expressed themselves in the legislature, were all required to implement these, but it is this longstanding foundation. And often that is something that folks don't appreciate because they want to see the computer system and [say], 'gee that's cool and that really works well.' But it wouldn't work well in the context where those land rights aren't protected to the extent that they are in British Columbia.*

I'd like to sort of come to a small recital wherein the Land Title Act that says that a state of title in British Columbia is good against the world.

HILDEBRANDT: *The phrasing.*

ARCHBOLD: *It really has a lot of strength and the benefit of 400 sections of the act that prescribe and deal and administer on how private land titles are created and used in the province. So I share that with you because without that context you might leave the discussions with the organization thinking that 'oh wow we just get some systems and we do this and we do that and we're good to go.' Because it raises the very questions that sometimes we've been exposed to in other jurisdictions where, in the absence of those rights, the rights can be quite easily interfered with, and you don't get the protection and the security that more mature systems that we have in both Canada and the US enjoy. So I'll just pause there.*

GAINER: So given BC's tradition in terms of land rights, and the fact that you're not really changing how land rights work.

ARCHBOLD: *That's correct.*

GAINER: You're changing the administrative system for delivering those rights.

ARCHBOLD: *That is correct.*

HILDEBRANDT: *She asked what was the impetus.*

GAINER: So why change that system?

ARCHBOLD: *The whole origin of the LTSA, Land Title and Survey Authority in BC, grew out of some administrative difficulties that the system was experiencing in the early 2000s, where it was taking longer to process transactions than what professionals would have expected. So their concerns were articulated to government, and a proposition to change the organization that is responsible for the land title system and the survey systems in British Columbia so that there was a greater degree of financial independence because it is a demand-*

driven business. It's all based on the health of the real property market in British Columbia. So you need to be able to right size the capacity of the organization to meet a demand that you have no control over.

So it was the exploration of what sorts of structures could be put into place that Leslie and I were drawn into to help government come up with an alternative that would meet the needs of professionals and the public. And at the same time, recognize that these services are really an expression of public service and that some of the alternatives, as you have suggested we talk about were pretty quickly put aside. Should we put this in a private company, is there a private public partnership that might work?

Government had looked at and implemented in a number of service delivery capacities, the same type of organizational and financial structure that we have with the Land Title and Survey Authority. So they were comfortable moving in that direction. And so the impetus was really around sort of service delivery challenges, some frustration of users, and concerns for the long-term viability of the system.

GAINER: I wanted to get a little bit into that exploration process which it sounds like both of you worked on for some time before the LTSA was officially created. So around when did that start?

ARCHBOLD: *That would have been 2003. It was actually a pretty short gestation period.*

GAINER: That is pretty quick.

HILDEBRANDT: *The Law Society was frustrated with the level of service and met with the Minister. The Minister was favorably disposed to the idea and I think that was partly because government had recently looked at some other models, and there was another successful model which was the YVR, Vancouver Airport, which is also set up as an independent authority. Then there was, at the same time government was really looking at balancing budgets, etcetera and were making public statements about possibly closing some of the land title offices.*

And that raised deep concern by First Nations because First Nations were just gearing up to start really looking at their land rights. There was a fear that if the land title offices were closed or not accessible what would happen to those records that would validate their discussions going forward about what might be their rights.

GAINER: Right.

HILDEBRANDT: *So I think it was those two combined pressures and just a unique set of circumstances. There was the pressure, there was the ability to negotiate, the ability to bring forward legislation in a way that had support of government. We also were lucky with having an Attorney General at the time who was a reformer, and could speak to the matter and support it. It wasn't just a ministry initiative, it really was quickly a government initiative.*

GAINER: So in terms of the sort of service delivery side, the access sounds pretty clear, was it that there was just a really active real estate market at that time so you just get more volume of transactions?

ARCHBOLD: *Exactly. It was unfortunate—as Leslie indicated government were taking steps to attempt to balance the budget and coincident with that there was evidence of stronger transactional volume and a more stimulated market that just resulted in a collision point.*

GAINER: More demand, less supply.

ARCHBOLD: *More demand, not enough land title folks to process it because it was still primarily a paper-based system. That ultimately led to the frustration because what we referred to as “the turnaround time,” which is the elapsed time between when an application is received and accepted to its registration, that period of time was growing. For lawyers, the way the process of registration is structured in British Columbia, they hold the risk during that period of time.*

You can imagine as it started to go from six to thirty days they’re feeling quite exposed at that point. [The Law Society] had a seat on the board for the YVR, the Vancouver Airport organization, so they thought ‘that’s the kind of model that might serve this particular administrative function well.’

GAINER: So this was sort of driven by the Law Society initially as a proposal, and then the government quickly thought it was a good idea.

ARCHBOLD: Yes.

HILDEBRANDT: *After giving it consideration and different options, and making sure that there could be ongoing accountability and efficiencies. So a real careful look at how do you shift a public service into an independent entity, yet still maintain accountability for performance, and for maintenance of records, and for delivery of basic administrative law principles. So there was a real balancing act.*

We had some other models to work from which was really helpful and then just kept pushing at it. I’d say one of the unique things about this was pushing out statutory decision making into an independent organization. I don’t think there is any other entity that does that.

GAINER: So once this idea emerged, what were the reasons to sort of focus on this model versus some of the potential alternatives?

ARCHBOLD: *I think it was really the balance that Leslie described. The timeline that we were working with was remarkably short so that there was a comfort that if the operating agreement and the legislation had the right suite of accountabilities, there was political comfort that the organization would deliver its services and conduct itself in a manner that would meet the needs of users and not result in some sort of set of circumstances that might cause government embarrassment if those controls were not in place. You could imagine things like fees.*

So we start out. If we had decided we need to increase fees and have unfettered ability to do that. The cards and letters start arriving on politicians’ desks. So you’ll see in the legislation and in the operating agreement a set of

recitals which put the matter of fees in an accountable and defensible arrangement that government was comfortable with.

HILDEBRANDT: I think that's a good question whether the models were looked at. Did we look at the shifting of the systems for a private operation and I don't recall that discussion.

ARCHBOLD: I don't think there was—

HILDEBRANDT: Similar to what Ontario has done isn't it?

GAINER: Right.

HILDEBRANDT: They've maintained their statutory decision makers but then—within the public body and they operate the systems as a private company. I don't recall a lot of discussion about that.

ARCHBOLD: I think there was some preliminary discussion but there were some intersections if I recall correctly between the provincial government and Teranet which is the private company that was running—really operating the processing center on behalf of the province. There were some issues that were starting to emerge there.

GAINER: And this was around 2003?

ARCHBOLD: Yes.

GAINER: I'm just trying to think of what was going on with Teranet at that time.

HILDEBRANDT: We weren't aware of those discussions. We don't know what the considerations were at the political level, so I don't think we can speak to that at all.

GAINER: But at the more sort of operational level of how we're going to make this work, it was mostly all right, how do we do this kind of thing? Airport style? The authority?

ARCHBOLD: What Leslie described as sort the preliminary discussions with the Law Society, that happened in late 2003, early 2004. There was a series of cabinet meetings early in 2004 and we were given clearance to move forward with the proposal I think it was early May 2004.

HILDEBRANDT: Yes.

ARCHBOLD: Then we wrote, I mean it was just crazy.

HILDEBRANDT: On May 12th—.

ARCHBOLD: That's right. We just got a team of people together, some consultants, and started working because we had to have the legislation ready for the BC legislature by the fall of 2004. So during the summer we literally wrote the

legislation, started working in the operating agreement, got the legislation passed, continued to negotiate with the province on the operating agreement, got that completed by the end of 2004.

HILDEBRANDT: *Transfer agreement.*

ARCHBOLD: *Transfer agreement. I mean there were a whole host of arrangements that had to be perfected and we were open for business January 2005.*

GAINER: That is fast.

ARCHBOLD: *Once government made up its mind, and they were comfortable that the structure that now today represents the LTSA, they were comfortable in moving forward in that way. There wasn't a lot of capacity for, what in other circumstances, might be broad-ranging research, looking at all sorts of alternatives, coming up with options.*

GAINER: It was more this is good, full speed ahead.

ARCHBOLD: *'We've done it before, we're comfortable with it, carry on.' Leslie quite correctly drew our attention to a number of stakeholders who were concerned about service delivery reductions. It was one of those sort of odd convergence of issues where some constituencies became frustrated with government's service reductions. This happened to be the one which became the platform for all sorts of public demonstrations. [This is] sometimes is referred to as the 'fifteen minutes of fame' for the land title system in British Columbia. There were demonstrations at the legislature—.*

HILDEBRANDT: *Historians.*

ARCHBOLD: *Yes, there were a whole series of constituencies who expressed both anger and concern. So I think that is part of the reason why the government took the advice of the Law Society and moved the initiative forward as quickly as they did.*

GAINER: So this was during that period before the Law Society made this proposal?

ARCHBOLD: *Well there was some coincidence—.*

GAINER: Around the same time.

ARCHBOLD: *Yes, around the same time.*

GAINER: So right as the Law Society was suggesting this as a response to this kind of public anger—.

ARCHBOLD: *Exactly, it was already well in motion.*

GAINER: Makes sense. So then once you had this proposal, I'd love to hear more about this sort of 'breakneck' period of developing the legislation, the kinds of changes you had to make there, and then negotiating the operating agreement and really creating the framework for this authority.

HILDEBRANDT: I think a lot of it was luck, I'd have to say. Luck and hard work. We talked about just identifying all the actions that needed to be done, who was doing them, what were the key issues, who was negotiating them, and having someone, Godfrey, on the other side. Having his deep knowledge was really helpful, and he was a trusted public servant. So I think that was a big part of it. We weren't working with an unknown entity to set it up; it was a joint initiative set up in the public interest from the very beginning.

ARCHBOLD: Exactly.

HILDEBRANDT: And so that made it easier. It wasn't as a commercial venture; we weren't dealing with an outside commercial entity. In which case I think the negotiations would have had a different flavor, a much different flavor. It was really a well-run project. What was it—'so many steps to ecstasy'?

ARCHBOLD: Oh, seven steps—.

HILDEBRANDT: No, a million steps to ecstasy. The project plan was huge. It was just really diligent identification of the issues and then working in a collaborative way to move things on.

ARCHBOLD: Yes, there were a number of approvals, and the development of comfort within government, with offices like the Auditor General, making sure that as we worked through the solution, that there was genuine independence from government. Often there is a desire to maintain control, but the Auditor General felt and prescribing a series of tests, very explicit tests, that the proposition would have to be able to put a tick mark against before the matter would be considered by the legislature and receive the Auditor General and Comptroller General support for moving forward.

But again, we weren't in a place where we were having to invent this from scratch. The most notable organization that was placed in a similar set of circumstances to us is BC Ferries. So in that situation, for government. Government realized the fleet needed to be completely reconfigured and best to do that outside of government. So all of those financial matters were not showing up on the province's balance sheet and there was a feeling that a greater independent structure could help in improving the service quality at ferries.

HILDEBRANDT: Part of the work I did was look at the different authorities that had been set up and the various accountabilities and compare whether or not we needed those or we needed something different. So again a sort of a checkmark against things like records management, transfer of staff. What is the financial reporting requirements? How do you set up a board? Who appoints the board? It was a real analytical comparison between the different models. Then a selection of well here is the sweet spot for this one.

Godfrey you may also want to talk about the stakeholder—. Another major component of it.

ARCHBOLD: *When Leslie talked about stakeholder issues, this is also another set of circumstances that worked in our favor to be able to perfect this in the time that we did.*

Very few of our transactions were actually provided to us by the general public. Most folks retained a lawyer or a notary or land surveyor to look after their property needs in British Columbia. So we had a relatively fixed constituency that we could have representatives sit with us and help us with their advice to ensure that the structure and the deliverables that we were going to be held to account would in fact meet their needs.

I mean it is an entirely different proposition from saying, 'okay, who in this room is going to represent the general public?' Then you get into a whole other mixed issue, trying to figure out what that looks like. So we had lawyers, land surveyors, notaries, registry agents and, along the way, First Nations making sure that as we moved to migrate the functions from government we would do this in a way that would meet their needs.

There were recitals about the historic records. There were a number of things that were brought forward that ultimately reflected the dialog that we were able to maintain, and helped—as Leslie mentioned around the governance structure. The board, we involved them in helping to develop that solution. We had a chap come and help facilitate that discussion from the conference board of Canada and Ottawa.

So just a number of the key components of the organization—we were fortunate in having this sort of fixed constituency so that we could bring these solutions to government. The ministry felt comfortable and confident that the people who used this system are helping to shape it and it is going to be seen as a success. You're not going to get into some debate as the legislation is put forward on the floor.

GAINER: Right. So then that constituency, that dialog kind of grew into the nominating entities for the board.

ARCHBOLD: *That's right, exactly.*

GAINER: Then the stakeholder advisory.

ARCHBOLD: *We decided very consciously. The board of course, comes to their role with a single fiduciary responsibility which is to make sure the care and good conduct of the LTSA is the basis of their involvement of the organization and only that. Whereas we could get, what I would call advocacy discussions from the stakeholder advisory committee. I would suggest that that worked really well for us. Again, in the context that we operate it was not a complicated matter to figure out who should be on it and we've expanded it. It is much larger than it was when we first started out. We've got banks and credit unions and local government. Of course the province was also a member of the stakeholder from the very beginning.*

HILDEBRANDT: *One stakeholder that we haven't really talked about is government itself, as a user of the information that is collected on the land title registry. Government is a huge user and that is mostly from a taxation and assessment function. So*

LTSA typically collects information and provides it to local government and to BC assessment. So again they were supportive of this initiative because it looked like if the organization was able to reinvest in its technology systems that they would get that information better, more quickly and be able to get it in a different format. So that was another kind of component that was supportive and can't be underestimated. If you have taxation and assessment on your side, from a political, governmental point of view, then that is good alignment.

GAINER: Right, that helps the whole government to do other things it wants to do.

ARCHBOLD: *One of the other areas—and I think it is one of the sort of lessons learned that you'll glean from the ten-year report is sort of as we had a chance to move through a number of initiatives, it really underscored the symbiotic relationship between the LTSA and government. Because not only is there the question of [the] sort of service delivery around property assessment, every time we wanted to make a change we needed to express that as [a] legislative initiative. We needed to rely on government. There is a financial relationship between the two organizations.*

HILDEBRANDT: *We also support crown land administration very much.*

ARCHBOLD: *Exactly.*

HILDEBRANDT: *Which is a huge component of the province.*

GAINER: Right, especially if it is 93%.

ARCHBOLD: *So one of the lessons learned—we were in some respects there never has been an example of the migration of the kind of services and the statutory responsibilities that we conduct from the public service as far as we can tell.*

HILDEBRANDT: *We're not aware of anything.*

ARCHBOLD: *So there was, I would argue for the first five years, [a] kind of learning about, on both parties, how is this relationship really going to operate. There are all those things that go well and some things that don't. But I think out of that there became this awareness and it permeated both organizations. Really for this thing to succeed both organizations have to recognize that there is this shared series of interests and that those interests have to be supported in order for the systems to be able to realize their potential.*

GAINER: So then, as that was kind of taking its concrete form I guess you could say in the legislation, the operating agreement—you were kind of on opposite sides in a sense in terms of negotiation but at the same time it doesn't sound like there was really a lot of adversarial negotiation.

ARCHBOLD: *No.*

HILDEBRANDT: *It was very rigorous. Godfrey brought on Greg Pedersen as Chief Financial Officer. Then in terms of setting up the economic model that was not adversarial but it was definitely a serious negotiation between what is an appropriate expectation of an operating model for the authority. What is*

needed in terms of the amounts? Then because what LTSA takes from those fees is no longer available to the province as its revenue. So of course that discussion was rigorous.

ARCHBOLD: *The deputy minister that we were dealing with at the time was the former deputy minister of finance, so very much a numbers fellow. But we had developed a financial model with the assistance of an independent accounting firm.*

HILDEBRANDT: *Jointly chosen.*

ARCHBOLD: *Absolutely. That was helpful.*

GAINER: The fee allocation sounds like one of the sort of key points for negotiation. Were there others that were the tougher negotiation points?

ARCHBOLD: *Valuation of the assets.*

GAINER: So the LTSA was buying out the government.

ARCHBOLD: *We were buying out the assets.*

HILDEBRANDT: *Transfer of staff.*

ARCHBOLD: *Transfer of staff yes.*

GAINER: That is one that always comes up when you set up these independent institutions, whether they're a company or a statutory authority or anything. So were there changes to the terms of service, salaries, benefits?

ARCHBOLD: *No, not really. Initially in BC we—there were legislative provisions which stipulate that what agreement is in place prior to transfer of the employees and their bargaining agent pick up and bring along with them to the new organization.*

GAINER: So there was already legislation on this.

ARCHBOLD: *Yes, the labor legislation in British Columbia meant that that was the administrative reality. Then there was a period of time in which that existing arrangement remained in place and then we—the LTSA—were free to negotiate arrangements with the union and develop an agreement that really is scaled to the size of our organization. Because there are 170 people here, there are 35,000 people in the provincial government.*

GAINER: So the transfer of staff issue was not so much the immediate, like any immediate changes?

ARCHBOLD: *No.*

GAINER: What was the—?

ARCHBOLD: *The vast majority of staff—.*

GAINER: What was the tension?

ARCHBOLD: *They were free to choose. The staff was free to choose whether they would like to move or stay employed with the government. I think only three people elected to remain in government.*

GAINER: So then they could have transferred to another department or something in the province.

ARCHBOLD: *Exactly. The vast majority migrated from the province to the LTSA.*

GAINER: Then they had this sort of transitional arrangement that is covered in the legislation. Then you had to negotiate with the union.

ARCHBOLD: *A new negotiation, some arrangements.*

GAINER: And were there changes that came out of that negotiation with the union?

ARCHBOLD: *Yes over time we certainly made a number of changes to the terms and conditions with sort of two objectives in mind. Number one was to try and simplify the agreement to reflect the smaller administrative structure that we have to work with and to reflect some of the unique operating characteristics of the organization, for instance, summer is quite a busy time for us as people put their houses up for sale and move and want to get that done before the next school year. So it is sort of like running a hotel in a sense. You have a very busy season and then there are quieter times. How do we structure capacity through the collective agreement so that there are enough folks available to process that higher demand during the summer season?*

GAINER: Out of curiosity how did you resolve that one?

ARCHBOLD: *We did it through additional compensation and looked at redefining what we call prime time which is the summer period. So there are restrictions on the number of people that can be away during that period of time.*

GAINER: So basically you have to work during the summer but—.

ARCHBOLD: *People can take vacations but there is a fixed amount that can be consumed.*

GAINER: Interesting. How was the operating agreement finalized in terms of reporting accountability and the relationship in terms of oversight between the province and this new authority?

HILDEBRANDT: *The big thing is the signatures on the agreement were at the deputy and the CEO level so the responsibility within the provinces with the ministry that holds the legislation. So that deputy minister has clear authority for making sure that LTSA meets its performance targets, that we conduct a five year review to honor performance obligations. Also there are requirements in the agreement for ongoing collaboration on public matters and also on any legislative changes that affect operations of the authority. Those are the main points. So in terms of*

how that is administered we've set up a number of structures where there is a relationship between the board chair and the minister, between the CEO and the deputy minister and between myself and the ADM or person within the province who is appointed from an operational point of view.

We have ongoing administration to support those relationships and communication. So there is a lot of administration and effort put into maintaining that relationship from both sides, it is a cost of doing business, it is a cost of the organization.

GAINER: Right. So stumping forward in time a little bit then since we're on the subject of those relationship—what would be the kinds of things where there needs to be discussion at those—through those channels?

HILDEBRANDT: *We've really done some work with the consultants on that. It is helpful to say when there is a changed intersection, like what does that mean. It is a change in operations of a significant nature, like these, or if government is asking the authority to do a new type of service. If we're looking at changing processes or systems that we need to work closely with the province on those things. Anything that really impacts resource requirements on either side needs to be discussed in advance.*

GAINER: So basically if there is significant change in the way that the LTSA is going to deliver its services—

HILDEBRANDT: *Definitely.*

GAINER: Then that's the kinds of things where you would—

HILDEBRANDT: *So government has traditionally had access to Crown land records quite easily. So when LTSA was established and some of the surveyor general records were brought here from where they previously were that was very disturbing to people that could have just walked down the hall and seen them previously. So things like that obviously need to be carefully negotiated and managed. It's not only get the agreement done it is also the change management, the rollout, it is how you do it, so definitely some learning through that. It's not only what you do it's how you do it, and extra effort, rather than less, is our approach. But that's not—it's not a unique requirement for an entity to have to invest that much in that sort of a relationship. But it is part of the accountability I'd say.*

ARCHBOLD: *I would certainly agree with that. As much as possible you try and operate in a regime of—both for government and other stakeholders where there are no surprises. So in other words you've discussed and talked about what you're planning to do, lots of opportunity for input, so that by the time it gets to a decision point everybody is very well acquainted with whatever direction or surface change you're thinking about. Again, that relationship is also two-way. We encourage that because government may be thinking about a legislative change that might or will affect either private or Crown land. We have an arrangement where they're obligated to let us know. But it takes time and resources obviously to review and provide informed comment back to government. But again we encourage that. That's the sort of thing that we want to ensure happens.*

GAINER: That's one of the distinctive things about the LTSA. It seems it is the level of engagement with the government and with the individual stakeholders. So what kind of forms does that engagement take? Meetings or review of various documents? Is it that kind of thing?

ARCHBOLD: *It can be all of those things. Again depending on the significance of it. If it is a fairly big matter in which there may be political interest, we'll arrange with the chair to meet with the minister; however, as you can appreciate for that meeting to go well lots of work will be invested ahead of time. Leslie and all of our provincial counterparts know exactly what we're going to be talking about and we have a good sense of what their concerns or issues may be. So by the time that meeting occurs with the minister and the chair it really is more of a formality than necessarily an airing of concerns or raising issues. So lots of work ahead of time.*

HILDEBRANDT: *Yes, I think it sort of set out in the LTSA's "ten-year operations report" about the various forums so we have the number of forums within the bureaucracy and then similar with our stakeholders we have a stakeholder advisory committee, we have ongoing meetings with them. The statutory decision makers each have practice consultation forums with some or all of the stakeholders—not the same people but more practice related. Then just general communications with our customers. So for a small organization it is a lot to manage.*

GAINER: Definitely. Is there an example that stands out for either of you of an issue where there was maybe some concern among stakeholders or the government and there was really a need to put this dialog model into practice?

ARCHBOLD: *There were two principal business risks. We had a human resource one where an alarming percentage of the employees that we brought over from the province were slated to retire. There were no folks available who might have been hired within say about a fifteen to twenty year period of time. So we had this real catchment. So we had to hurry up and hire new people.*

Then we had a similar risk of the technology that a lot of the underpinnings of that system that was responsible for recording private land interests—

HILDEBRANDT: *That's when we get to that.*

GAINER: This chart?

ARCHBOLD: *Exactly. That older technology became a concern. Some of the manufactures of the technology were telling us they no longer supported it. So we moved forward to really address those two concerns ultimately leading to the development of some new technology that you'll hear about from Al-Karim Kara later today. However, the whole proposition for developing the technology was reliant upon making the shift to requiring that all submissions to the land title system be filed electronically.*

Prior to that decision being made it was always optional. You could do it or not depending on what your comfort with technology would require. So there was a fairly significant change intersection in which again legislative changes were needed to perfect it. You had to secure ministers' comfort because I know this is difficult to believe but not everybody was adherent to the electronic filing. So

letters started to arrive and people were getting somewhat exercised about this possibility.

So we worked very closely with the stakeholders and there was a significant change intersection for the registry agents which is a group of folks who act on behalf of notaries, lawyers and land surveyors. Their business grew up as intermediaries helping to deal with the paper.

GAINER: They do the title searches?

ARCHBOLD: *Exactly.*

GAINER: They lodge the documents?

ARCHBOLD: *That's exactly it.*

GAINER: I heard a lot about these guys in Ontario.

ARCHBOLD: *Same situation, same issue. And we have a board member who sits as a nominee of the registry agents. We realized as we started to move forward [that] there were going to be consequences for the registry agents as we moved to what we call required electronic filing.*

So lots of consultation. Not everybody was happy. But on the strength of that consultation government was willing to move forward. We ultimately implemented—and Craig Johnston can certainly give you some of the details around that, around required e-filing. But it meant that ultimately the minister was—we were able to have the stakeholders, lawyers, notaries, land surveyors, bring forward advice to the minister that their members were comfortable with the decision to move forward with required electronic filing. So that's—as you can imagine—.

GAINER: Yes, that's a contentious one.

ARCHBOLD: *Not a road that's free from potholes.*

GAINER: What kinds of arguments were you making during those discussions about why this really was the best way forward even if there were going to be some challenges?

ARCHBOLD: *There are fortunately benefits that professionals—and there were constituencies within those groups who were strong advocates for electronic filing. There are efficiencies that the practitioner can garner as a result of managing these particular filings electronically. So it was the harnessing of the discussions within the groups themselves and making sure that there was time for that dialog before any decision was taken or the legislation brought forward. So everybody knew what was going to happen, had enough time to bring their points forward and then be able to make the decision in an informed way that nobody could legitimately make the claim they had no idea what was going on.*

GAINER: When was that, the decision to make it mandatory?

ARCHBOLD: 2010.

GAINER: So up until that point the technology was optional? I imagine older practitioners weren't always comfortable.

ARCHBOLD: *Yes, I think it was a comfort level, absolutely.*

GAINER: You can see from this [that] obviously the technology has gone through quite an evolution even before the LTSA came on the scene.

ARCHBOLD: *That's right.*

GAINER: So at the time it was established what were you looking at in terms of the EFS and where did you want it to go?

ARCHBOLD: *It was really through the foresight of the Director of Land Titles at the time. One of the important steps taken to set the stage for this, was the standardization of forms. Prior to that you could have multiple—.*

GAINER: As long as you had certain information you could—.

ARCHBOLD: *Yes, multiple variations of mortgages and all sorts of things that we would accept. That was all standardized. That was a big change intersection for the practitioners. So getting folks to that place, getting the legislative changes so that we have standardized forms, and then it was very much positioned that it was optional. It was not required. It was optional. As is true of any change like that, you get the early adopters who are.... people who are comfortable with change forging ahead, using the new technology, seeing the advantages that it brought and then—.*

But the problem was that if you had a transaction where a lawyer or notary was not going to use the electronic system then by default the whole transaction had to be done, go to paper. Grumpy people who wanted the transaction to be done electronically—that constituency started to gain momentum over time. So the change intersection wasn't seen necessarily as a threatening—as it might have been if you thought about that earlier in the development.

GAINER: So in terms of legislation obviously this had to get through the legislature. More from your side how did you figure out what was necessary for that to happen?

HILDEBRANDT: *Again, a good relationship with the province was really helpful. Having—being able to state in a really clear way what the benefits are and what is required early on. Getting the attention of government to even consider the idea is the first step and then clearly defining from a policy perspective where do we want to go, getting some stakeholder buy, getting the minister's comfort and then trying to work with the province to get the matter on the legislative calendar and then supporting the government as it takes it through. So it is really an art, it's not a science. Every time we've done it, it has gone differently. We could have a cookie-cutter approach but every time we do it we have to adjust it.*

It was interesting, Craig Johnson who is the Director of Land Titles was mentioning in Alberta that they're looking at some changes and they need

legislation to bring it forward and it's like no big deal. There it is assumed, it is perceived that there will be frequent changes to land title legislation to support changing business practices. It is routine, bring them on, bring them on. Whereas here we have to very much explain and get support to take those changes forward. So looking back at all the changes that supported each of those columns of activity—they all required legislation. How easy it was at each time—that was a function of personality and government and timing. So very much an art and not a science. I don't know what more to say about that.

ARCHBOLD: *That's pretty much it.*

HILDEBRANDT: *Sometimes it goes quickly and sometimes it goes slowly. Sometimes it is fine, sometimes it is more confusing than it needs to be.*

GAINER: Yes.

HILDEBRANDT: *That's typical of any legislation. It makes sense.*

GAINER: Just to clarify your role in the legislative process. Do you draft legislative language specifically or give more of a list of things that need to be turned into legislative language?

HILDEBRANDT: *We're in the position of really being the experts on the legislation. So we have the capacity to get to the point of actually drafting legislation and hiring external people to do that. But there is a different level of comfort within the government as to whether or not they would accept that or they would want to start from scratch. So we work more at helping to define where do we want this to go? What is it going to look like? We give that to the province and then get their call on whether they want to proceed to drafting or if they want us to take the pen. But it would be very unlikely in BC that that would be allowed.*

GAINER: The government is more comfortable putting it into its own words.

HILDEBRANDT: Yes.

GAINER: So in that case you would give them a list of things that you want the legislation to do and why obviously. Then their people on that side will come up with a draft.

HILDEBRANDT: *And they would lead the review of it, so getting comment from other government agencies and from ourselves. Then we try to position our input from an operational perspective. We want to not be setting significant change for matters related to land title interests and how they affect the holder. That's not our business, we're more interested in registration.*

GAINER: But you don't want the legislation to do something that would completely up-end your business model.

HILDEBRANDT: *Exactly, you should come work here. That's exactly it. So it is a fine line. It is again a unique, a high cost of doing business, high cost of this model. It is very sensitive and risky.*

GAINER: So from some of the times where it has taken longer, been a more complicated process, where are the points where this can get tricky? Is it when they put together a draft that doesn't necessarily reflect what you were hoping for or other government agencies have some sort of issue? Is there an example of that that comes to mind?

ARCHBOLD: *It comes out of a whole host of those particular opportunities for things to go wrong. The art in it all is being able to manage through all of that without jeopardizing the underlying relationship. So if things get tough going—we've been fortunate to have some really terrific people to work with at the senior level. There is an interest at the assistant deputy minister level or at a deputy level to solve the problem. You try to work it out at the working level but if that's not possible then you have to elevate it and make sure there is a sense that in both parties there is a good understanding of what we're working towards and the objectives that we wish to meet.*

So it is knowing when to sort of engage at a variety of levels so that you don't tip it over. It becomes the art of management.

GAINER: Definitely.

ARCHBOLD: *Are there specific examples? Those are sort of the principles that would lead one to manage an initiative to the place where it is going to end up, successfully be accepted and ultimately be passed by the legislature.*

GAINER: So that would be what happened with the required e-filing?

ARCHBOLD: *Absolutely.*

GAINER: I would imagine the automated examination would have been tricky.

ARCHBOLD: *We did fees. We [did so] mistakenly—and I'll take responsibility for this. The Land Title Act has a whole schedule which sets out the service fees and government has to have it in legislation because tax law in Canada requires it. If you're not directly delivering the service you have to have in legislation the price point that government will charge. Then we have our fee on top of that and then here you go.*

Before we engaged in this particular initiative there were a lot of obsolete fees that were no longer relevant given the fact that we were doing electronic filing, a lot of the service intersections had changed. So we thought just as a matter of housekeeping—and Leslie would take in front of the board pages and pages of fee detail about every time we implemented a cost adjustment by CPI we were required to produce all of that. The poor board directors—.

GAINER: And you would have to adjust the fee for some weird thing that no one does anymore.

ARCHBOLD: *Exactly.*

GAINER: What would be the strange, outdated stuff?

HILDEBRANDT: Whether or not something occurred at the Land Title Office was a different fee than if it occurred at a government computer in a different office or if it occurred at a private practitioner's office. Where the effort was initiated affected the amount which is crazy.

ARCHBOLD: That's a terrific example, everybody agreed. You're right, these are obsolete. So it took quite a bit of effort to make sure that—.

HILDEBRANDT: To redefine the description of the services.

ARCHBOLD: Redefine the descriptions and make sure both from a provincial and LTSA perspective we were comfortable with those and that we didn't trip into what I'd call significant legal issues around how those descriptions apply. It took a lot of effort that one might not necessarily presume in kicking the initiative off. Either you think okay, we'll change the fee thing and away we go.

GAINER: Just cross out these silly ones.

ARCHBOLD: Yes, and incorporate things and kind of make the schedule more relevant to today's world.

HILDEBRANDT: I think from my perspective looking back on that one, as Godfrey mentioned this is seen as an operational matter but give it to the chief financial officer and a policy person and they can work with the province and get this done. So this was one where I wasn't really leading it whereas—and from an accounting perspective he would go over and explain it and think, okay, I've done my explaining I'm done. So there wasn't that comprehension that the level of effort that is required to bring forward a change like that. So that was a learning for us, really to anticipate that you're working with—what is very familiar to us is not familiar to the poor policy analyst who gets stuck with this. So being able to have someone within our organization to really have a lead on that and managing that relationship from a strategic level, not just an information level. I would say that that was a journey there.

GAINER: And you can imagine for people who are more just legislation people, the idea that you're going to go through and make significant changes and consolidate things and get rid of things was probably alarming to them.

HILDEBRANDT: Alarming would be the word. Then also not having the familiarity with who our organization is and why we should be accorded any due diligence or respect. Every time we do that it's reestablishing relationships and the level of effort can be overwhelming.

GAINER: From some of the other institutions I've looked at I'd imagine there is more turnover within the provincial government than here at the LTSA. So that makes sense that you would have to reestablish those relationships often.

HILDEBRANDT: So again, going forth, when I look at this chart which is very helpful for me to see, each time there has been an improvement in service delivery, we require legislative changes. It is just something that we need to do.

ARCHBOLD: You bet.

HILDEBRANDT: The more that government can anticipate that we will be coming to them and that we are supported by our stakeholders and users and what we're bringing forward is reasonable and not complicated, that's where I try to work—that would be my sweet spot.

ARCHBOLD: Often not only was it true for us but I'm absolutely confident that something like the fee matter—again from the provinces point of view probably figured okay, this isn't too much of a big deal, let's just get on it. You may not necessarily appreciate the inherent complexities until you actually start the work. There was nobody to draw on who said "Oh sure, I did that before. Here are some of the issues that we need to think about". So it was a joint discovery process.

HILDEBRANDT: A voyage of discovery, that's what we've often done.

ARCHBOLD: Trying to avoid the icebergs along the way.

GAINER: The fees are one; the electronic registration is another one. I did want to get into a little bit of discussion of that technology. It is quite interesting. It looks like you were going from fully paper—that was a long time ago.

ARCHBOLD: Right.

GAINER: To what looks like a scanned image system?

ARCHBOLD: Right.

GAINER: And then to complete forms online and then making that mandatory and then adding in the automatic—.

ARCHBOLD: We really didn't change the functionality of the electronic filing system in itself but were able to develop a rules software that would allow the computer system to make a number of what I'll call decisions so that in a rudimentary transaction we decide to buy and sell each other's houses and we're both going to have a mortgage in order to allow us to own those properties. That sort of transaction is simple enough that the rules engine in the software can make a decision to register or not register those transactions.

So that was the functionality that we were moving to implement with the new land title system. The front end of the business, the electronic filing system itself we left alone. So this was really work that was more internally focused. As we start to move decisions that I presume are now underway to make further technology investments—you can talk to Craig this afternoon around how does that look for the electronic filing system going forward.

GAINER: Okay.

ARCHBOLD: The key here was the attempt to develop some technology that would take some of the capacity challenges that we might face where the real estate market experienced fairly quick uptick in demand for registration services. So we build the system and implemented it and steadily watched as over the first couple of years demand for the system went down, down, down and never

were able to really test it in an environment where the market poked up. But in the last year before I retired, the market did return and in a fairly dramatic way. We were able to establish what in fact we'd hoped were the operational outcomes for the technology investment were in fact realized.

GAINER: So that was—was that the idea that had been driving the technology team since the beginning?

ARCHBOLD: *Yes, that's correct.*

GAINER: Especially because there was this sort of learning experience from the problems immediately preceding the LTSA.

ARCHBOLD: *Really, you have to ask, what is the value that people bring to registering transactions in the land title system. In my view it was always in the more complex transactions. Human judgment is needed in order to establish good, safe, marketable title for a complex matter that is not a simple series of questions that can be answered in the transaction register.*

So we focused all of our human resource training—it was really a change management exercise. Technology was an enabler but it was around changing how we actually registered transactions at a pretty fundamental level.

GAINER: So it is the same guarantee of title.

HILDEBRANDT: *Oh yes, they all are the same. It is a big difference in how you get it on there.*

GAINER: Yes.

ARCHBOLD: *The examination rules that the computer uses are approved by the statutory decision makers, so it has the same strength as the traditional method of human examination to your point so that the stream of protection for the title remains completely intact whether it is done by a human or it is done by the computer.*

GAINER: So basically there are things that the system will look for and if everything is present in the format it needs to be then there is no need for a person to look at it. If there is something that looks off, that is a red flag, then it goes to a human.

ARCHBOLD: *It is directed to a human, exactly.*

GAINER: I'll probably get into this more with Craig and Audrey but how did you decide what would be examination rules or red flags where there needed to be a person. Was that a political issue maybe with some stakeholders who may not be comfortable?

ARCHBOLD: *No, we were able—that was very much the subject of considerable investigation within the land title part of our organization around how far along the continuum are we comfortable providing the computer with this decision capacity. It was benchmarked against some fairly rigorous testing so that the rules engine had to be able to perform these decisions in a way that had a high*

degree of predictability that it would be successful. That was bench tested using I think US military standards for acceptance.

GAINER: You mean in terms of the percentages that are correct?

ARCHBOLD: *Exactly, that are correct and the incidents that that is replicated. So as much as possible I would argue that folks erred on a cautious approach to the application of the technology. At any point, if anything looked odd then it would go to a human. So again, I think there is a very clear understanding of what sort of risks we were managing our way through and that clear understanding of the consequences if this were not to go well.*

GAINER: The province would be on the hook for the title assurance fund.

ARCHBOLD: *We have our own assurance fund. We manage our own.*

GAINER: Anything that you register. The previously registered ones are with the province?

ARCHBOLD: *Yes, those that were prior to January 1st, 2005. Anyone prior to our startup the province looks after; anything from that point forward where we made the decision, we're on the hook for.*

GAINER: If the computer makes the decision you're on the hook.

ARCHBOLD: *We're still on the hook.*

HILDEBRANDT: *And as we administer those assurance funds, any claims, the director works closely with the province to make sure that we're managing the assurance fund in the same way that the province was doing it during its administration so that there is no dichotomy.*

GAINER: Right, if someone bought their house a day after their neighbor and they don't feel like they're getting completely different compensation. So with this testing process was that mostly internal or do you also have to go to the stakeholders and have them get their input on this kind of system change?

ARCHBOLD: *What we did was we reviewed it with them so that they understood the nature of what we were doing and the rigor that we were applying to this process so that there was an understanding and they were ultimately supportive of the direction we were moving in and comfortable with that.*

GAINER: I'm actually kind of surprised that there wasn't more pushback in a sense. When I've talked to other people, other jurisdictions about the idea of automated examination they get very nervous.

ARCHBOLD: *We had been fortunate in working through a number of other initiatives and I think earned the confidence of the stakeholders. So in other words, number one, you always tell us what you're going to do. You always tell us well ahead of time. You take our ideas and help shape them. Craig had a team of people in his particular group that he was working pretty intensively with. These were*

paralegals and users of the system so that again there is a constituency feeding in a lot of detailed thinking around how this is going to work.

GAINER: That makes sense. Since you had these big changes first, just getting everything electronic and then doing it even without somebody looking, how did that change your approach to staffing and customer service and resource allocation because it is quite a big shift.

ARCHBOLD: *You bet. We had a strategy which we implemented which fortunately was just in making the shift, harnessing the fact that there were quite a number of people who were going to retire. In fact we've had to have a program of inducement for people to stay until the shift-over time and we had a whole catchment of younger people who had joined the organization. So what the planning in this really saw two principal streams of activity.*

The older folks were continuing to use the existing system and making sure that all of the transactions were being registered—we can't just sort of stop for six months and freeze activity and then pick it up six months later. So that work was being undertaken by the older folks. The newer folks were taking this period of time to learn the new system and start to take all of the training and preparatory steps and the testing so that by the time we were ready for the shift-over they were able to use the new tool reasonably effectively and we'd be open for business and make the shift-over in a fashion that would not cause any concern for our customers.

GAINER: So you really used the retirement things to your advantage which is interesting.

ARCHBOLD: *Exactly. One of the things we'd done which we haven't mentioned up until now is we created a subsidiary called LandSure Systems. It really was a hiring vehicle for us to get technical expertise that was not part of the core where human resource requirements were the land title surveyor general, corporate affairs. So we used LandSure to bring into the organization the sort of technical expertise so that we would be able to manage the technology without necessarily being entirely beholden to an outside supplier and trying to find the right balance there.*

So Al-Karim Kara and his team, are really responsible for that particular side of the business. What we did is developed our own Internet portal. We have a customer service team that is also part of LandSure which provides call in facility so that if someone is experiencing difficulty and needs advice or there are some technical issues we're alerted to that and can make the necessary changes to ensure folks are able to register land title transactions electronically and surveys.

GAINER: The subsidiary question was something I thought was quite interesting. It is basically your tech subsidiary in a way.

ARCHBOLD: *And customer service.*

GAINER: Were there legislative or policy issues around having the LTSA sort of create that or was that something you could just do?

ARCHBOLD: *We could do that but certainly as a policy matter we had to be careful to isolate the organizations, the sort of parent which is a not for profit and we enjoy a certain tax status under federal legislation as a not for profit by the nature of the business that we do.*

GAINER: Right.

ARCHBOLD: *Delivering land title services is seen under federal taxation legislation as a not for profit, typically government type of activity. Then we wanted them to create this subsidiary to pick up talent which would not typically find itself in a unionized environment. We were able to do that but we had to make sure that the two organizations from a labor relations point of view are distinct and separate so that you don't get into a common employer situation and then find that the non-union staff are called into a collective agreement situation.*

GAINER: Right. So LandSure is for profit.

ARCHBOLD: *That's right, pays income taxes.*

GAINER: It pays taxes and people there aren't subject to the same terms of service as someone here.

ARCHBOLD: *That's right.*

GAINER: So is there more flexibility to attract people with higher salaries and things like that?

ARCHBOLD: *Yes, that is ostensibly the case.*

GAINER: So in terms of it being for profit do they also market to other customers or it is really just—.

ARCHBOLD: *Wholly owned, really to serve the needs of our—.*

HILDEBRANDT: *A service provider.*

GAINER: So it is really completely working for LTSA.

ARCHBOLD: *Yes, nobody else.*

GAINER: And managing the financial relationship—what restrictions are there on what they can do with their revenues and things like that.

ARCHBOLD: *Yes, we can arrange for you to meet Greg Pederesen if you would like to give you any detail in respect to that. He had to work through accounting expertise in respect of what sort of transfer pricing arrangements between the two organizations are acceptable, make sure that the accounting practices are properly managed and reported. Ultimately the revenue earned by LandSure is consolidated. We have consolidated financials that we publish which include both the parent not for profit and the taxable subsidiary.*

GAINER: So the main difference really is in the tax status.

ARCHBOLD: *The tax status and hiring.*

GAINER: Tax status and hiring.

ARCHBOLD: *That's it.*

GAINER: The revenues kind of all pool.

ARCHBOLD: *Exactly.*

GAINER: That helps clarify that. I thought that was an interesting arrangement.

ARCHBOLD: *It is similar to why the Vancouver Airport Authority—I think it's overall Vancouver operation has a certain tax treatment but then it set up a development company to manage international airports for other jurisdictions and I know that is a for profit.*

GAINER: Interesting. Is there a lot of dialog between LTSA and the Vancouver Airport Authority because of these parallels—?

ARCHBOLD: *Not really.*

GAINER: Is it just that they came out of common ideas.

ARCHBOLD: *Exactly. They're very much larger than we are.*

GAINER: Yes, I've been there. It is a significant airport.

ARCHBOLD: *It is a very nice airport.*

HILDEBRANDT: *There is a forum between the CEOs of the various authorities, BC Ferries Safety Authority, Consumer Protection and ourselves. Twice a year the CEOs and the government relations person gets together and talks about similar issues.*

GAINER: Interesting. Do you find that there are often common issues that the authorities—

HILDEBRANDT: *There is a common perspective and it is helpful to have that dialog.*

GAINER: Especially on the sort of relationship to the province.

ARCHBOLD: *Exactly.*

HILDEBRANDT: *Just what is the mood, what are some of the issues? How do we align ourselves with the province? How are they aligning themselves? What are the issues?*

So one of the things that we did is that the province under developed these public accountability criteria standards so the authorities all got together and said should we assess ourselves against these public accountability standards? That was one of the things that we will discuss.

You will see in that ten-year report that we did take that step of doing that.

GAINER: The reporting seems to be quite important. There is the annual report, quarterly—

ARCHBOLD: *Business plan.*

GAINER: *I was interested from a strategic perspective, how you set the direction for the short and medium term, like yearly, three-year plan?*

HILDEBRANDT: *I think we set a three-year strategic plan so management works on a draft of that trying to identify continued operations and then going forward what might be major shifts in the upcoming three years. So it is a three-year plan that is presented to the board. The board would typically review it and provide input to it. That establishes the strategic plan for three years. Then that gets reflected in the business plan. The three-year business plan goes forward and those get rolled into our performance planning management system and then reporting on the achievement of those. It is quite a structured approach.*

ARCHBOLD: *It is.*

HILDEBRANDT: *One of the things maybe Godfrey wants to talk about in terms of maintaining our not-for-profit tax status, that LTSA maintains a view on its collective revenues and how it will be invested in the systems. So that's a major function of our work. If we have retained earnings how are they spent? As a not-for-profit we're required to reinvest them in the systems, in the business. So that is really the main function of strategic planning—how do we look forward? Do we have retained earnings? What is the best use of those?*

ARCHBOLD: *Exactly.*

GAINER: That's interesting too because one of the things I noted in the operations report is the idea that because you have to use the earnings, to reinvest them, you can make investments past the point of diminishing returns to get from the system that is most profitable to the system that is just really good. So I was interested in that concept and how you decide where to use the money when you have it.

HILDEBRANDT: *That's a real challenge within the organization and definitely a ton of discussions about it both at the board and acknowledgement that we have that perspective of commercial efficiency and also public good. So there is—wouldn't it be great, the customers want this, let's do this, and this and this. Yet the CFO says there is no return on that, why would we do that? There is no benefit. So it is finding that balance of what is the appropriate and best direction?*

GAINER: Yes, it was very interesting because in a for-profit environment you just say if we put more money into this we will make more than we spent, we will do it; otherwise we won't. So how does that sort of decision-making process work here? What are examples of where you decide this is what we want to spend.

ARCHBOLD: *It really is I would say determined by circumstances. If you're sitting in a position where there is quite a healthy balance sheet you could make the case that there is a public interest in investing beyond the rate of return in order to benefit users or provide greater security for the land title system. I mean there could be a variety of rationale that one would employ to justify that kind of expense. So it's a balance. It is a balance of looking at what are the financial consequences for an investment? What are the benefits that accrue to users? Is it something that makes a system more secure? It is those kinds of criteria.*

So it isn't a decision matrix that as you suggest would be typically provided for in a for-profit. You have the line; you know where it is. We're not investing a dime after that line. We may go further. A good example of that is Parcel Map BC. There is no sort of direct revenue associated with it in the sale although we did a fee increase to allow us to get the capital necessary to build it, but as an initiative it is not I'll call it a profit center for us. It is being done more on a breakeven basis. Clearly there is a benefit to government and others and ourselves in terms of managing our business that is realized from having an electronic representation of surveyed property, public and private land boundaries in BC.

GAINER: But it is not necessarily going to make a lot of money.

ARCHBOLD: *No, not by itself.*

GAINER: That's very interesting; something that is unique to this model.

ARCHBOLD: *Exactly.*

HILDEBRANDT: *It is a way of delivering public service in an accountable way and also being able to find that investment.*

GAINER: Generally speaking over the last ten years or so, has it been more of a problem of we have money what do we do with it or of how do we stretch the money that we have to make improvements?

ARCHBOLD: *A combination of both really.*

GAINER: It depends on the real estate market?

ARCHBOLD: *It totally depends on the real estate market. The Canada Revenue Agency, the federal tax people come in periodically and do an audit. They'll have a nice conversation with Greg about how much is on the books and if there is a fair amount of cash there they might start poking at well what are your plans for this. We have to invest the money in a manner that meets the legislative test of the purposes of the organization. So we can't run out and I don't know—buy a boat or a jet or something.*

So they're very much attuned because of course they would be delighted to move us from not-for-profit to profit status. So we're constantly balancing that. If we got to places where we had a healthy balance sheet, we didn't have any technology investments, we might reduce fees just so you throttle back the revenue in a manner that allows us to preserve the not-for-profit tax status of the parent.

GAINER: So at that point you would say, well, we're going to reduce fees so this is a cushion that we have to cover costs while we do that.

ARCHBOLD: *Exactly.*

GAINER: But that so far has not been—.

ARCHBOLD: *No, it has been an aggressive change program for the first ten years, eleven, probably twelve years of the organization. We've never been at a place where we said we don't know what to do—we've got it all solved.*

GAINER: So we're kind of getting towards the end so I wanted to ask some broader, reflective questions to wrap up.

ARCHBOLD: *Sure.*

GAINER: One of the things we're always interested in is kind of adaptation and course correction if you need to and how organizations manage that. Were there sort of unexpected challenges that you encountered where you then had to adjust your plan or respond to different circumstances?

ARCHBOLD: *In a broader context I think we've been fortunate in being able to execute the strategy—the basic and the fundamental strategy that we've had in front of us. As I mentioned earlier the sort of two principal matters that I think collectively everybody felt we needed to address were human resource issues and the technology and improve the customer service for the organization. I think on those three fronts we've been successful.*

I think the report, the ten-year report, underscores that. Underneath that of course there are always issues that come up that one makes course changes. But I would suggest through hard work and good fortune, none of those changes were significant. It wasn't as if you went holy smoke we're going down this particular road we'd better back up and make a fairly significant shift and go over here. But I think the organization I would argue—again this is another differentiation perhaps from a pure profit organization, an entrepreneurial organization where risk is something that one is content with managing at a perhaps more elevated level than we are.

We are a pretty conservative organization. I think justifiably so. We hold records that for most folks are the records of their most important asset. We can't lose sight of that. We have certain expectations that we have to meet under information law, freedom of information, protection of privacy. We have to have our eye on the fact that practitioners' expectations are such that we will conduct ourselves in a certain manner and that all of the work that we've done to date has really been built on that particular foundation.

In other contexts you might say gee we developed this particular product, it didn't work. We've now clearly abandoned it. But I would argue that for us those decisions have been fairly minor and didn't represent a significant course change.

GAINER: Interesting. Again going back to the for profit/nonprofit thing.

ARCHBOLD: *Just the nature, it is the nature of the business itself. Our lens is around the public interest. Yes we need to make some money along the way but that money is invested in the systems that we're responsible for. So it is a very different sort of decision lens and concerned for the fact that these records are critically important for the citizens and businesses of British Columbia and that the most important thing that we can achieve is the continued confidence of people, continued confidence of our stakeholders. If we do that then I would argue we've been successful. For others it is share price and all kinds of other good things that one needs to be concerned about in different context.*

HILDEBRANDT: *I would say in terms of learning, I think that we've been very good at having a strategic view and the business approach to achieve those. I think that there is possibly some learning about being able to balance the commercial and the public interest matters at an operational level like there should be a healthy tension on that but there is also tension that is just not really productive. I think that that is one thing that looking back we could really have helped management and the board get a view about that a little bit earlier on.*

GAINER: So just kind of setting principles?

ARCHBOLD: *Yes, and then understanding of the organization, that we have this information, that it is valuable from a commercial point of view but that doesn't mean that we're ever going to do anything with it. So there has been—.*

GAINER: Sort of like the value added products where you build something else using that information?

HILDEBRANDT: Yes.

GAINER: That's not something that has been part of LTSA's business model.

HILDEBRANDT: *There is always the consideration we should do that and then does that align with our business purposes and would it risk confidence of either the public or the minister in what we do. So there is exploration. Then we typically pull back. So I think that has been overall more challenging than we anticipated and maintaining a productive and efficient relationship with the province has required on-going attention.*

ARCHBOLD: *Exactly, and the world of protection of private information is an evolving one certainly it is quite different from in many respects—a much more challenging environment than for instance when we started. A lot of this stuff intuitively sounds from a customer service point of view like a really good idea.*

HILDEBRANDT: *Customers would love to have that information.*

ARCHBOLD: *Just put all the information out there, but some jurisdictions discovered as they did that that there were some unintended bad consequences because if you put all of these documents out, some of them have your signature on them. Regrettably not everybody on the planet is well disposed—.*

GAINER: To be trusted with that.

ARCHBOLD: *So there are people in the organizations and governments end up having to pull it back. So we've always—and there are forums that Craig and Mike attend which are both national and international of their colleagues and it is very helpful for us to attend those because there are some lessons learned or we can see where other jurisdictions are going and it helps inform our strategy so that we can ensure again that we are able to maintain the trust and confidence of folks.*

HILDEBRANDT: *Godfrey talked about the risk threshold. That is very much dependent on who is selected for the board, who is selected for the CEO. So it is something that varies depending on the person. But really the threshold for the organization should be at a strategic level. It is not only—it is helpful to define what the risks are. So there are risks from a taxation point of view, there are risks from a liability point of view and there are also risks to the minister from a political point of view. So when we answer—when we're doing things—we're not just thinking about our own organization. That takes a long time to permeate to people who have never worked in government. So on our executive team we have people from private business and we have people that have some government experience. So we're not just operating an independent organization, we're operating one to which a minister is accountable and his political reputation is dependent on it as is the bureaucratic structure that he administers.*

GAINER: The risk is political, reputational—it is more significant.

HILDEBRANDT: *With a small p.*

GAINER: Than you might get in a for-profit environment.

ARCHBOLD: *Absolutely.*

HILDEBRANDT: *Definitely.*

GAINER: For everything you said it sounds like significantly.

HILDEBRANDT: *We're aware of that, we haven't mis-stepped where we could have very easily.*

ARCHBOLD: *Oh, we could have.*

GAINER: I could see a lot of places where that could have blown up. So then, as we wrap up I wanted to return to the point you made earlier on about what may or may not be transferable to other jurisdictions. Based on sort of the lessons from LTSA and some of the things that have been important in making it successful, what do you think could be adopted elsewhere in terms of the

institutional model, technology, operational procedures and what might not work if you tried to transfer it.

ARCHBOLD: *Certainly I think one of the—and I started my discussion with this notion that hopefully as we had our discussion this morning you will have left with the idea that really the significant underpinnings of the land title and survey systems really haven't been significantly changed. State of title certificate, all of the instruments, everything has remained the same.*

GAINER: Service delivery method is the difference.

ARCHBOLD: *Yes, we've sort of tuned up how you do these things but the actual system itself—the important starting point for answering your question, when you start to look at other jurisdictions is really at that fundamental level. This is what I'd call a package deal. Our technology doesn't work well if those underpinnings are not there. So is there a registration, legislation, that confers rights that are similar to those which are enjoyed in British Columbia and if the answer is in the affirmative then you can start to look at what might be in the art of the possible. It will all be bound in practice. By practice I mean how lawyers and surveyors and others who interact with the title system—what are they accustomed to doing and how one manages a changed process if you're going to move from their existing practice to some new scheme.*

Don't underestimate the amount of effort that that may require. So I think for me those are some of the important questions. You start to look at other jurisdictions that one might need to pose. Then there starts to be either no—really what they have as step one is a legal reform exercise. Well that looks very different from the kind of work that we've done.

If one is completing that legal reform exercise then you can say well what kind of technology or what is an approach to the system that could be implemented, maybe we can use some of BC's experiences.

GAINER: In a lot of places you also see on paper they do have similar guarantees to BC but in reality it is not always documented, people don't have registration or it is easy to expropriate.

ARCHBOLD: *Exactly.*

GAINER: In that case—.

ARCHBOLD: *This is just window dressing. That is really the question behind the question. It is about security of title*

HILDEBRANDT: *Timing. How do you define it in the first instance and then how do you confirm it. What legal structure do you need to do both?*

ARCHBOLD: *Exactly.*

GAINER: So from an operational perspective, once you have the legal system in place then you can—.

- ARCHBOLD: *Yes, absolutely. But in the absence of that you can look at the computer system all day but it will not achieve the outcomes that we have been successful to accrue here; they just won't happen.*
- HILDEBRANDT: *If you could figure out how to do it that would be amazing.*
- ARCHBOLD: *Brilliant.*
- GAINER: We're working on that question a little bit.
- HILDEBRANDT: *How would you do this? There have been some efforts in Cambodia.*
- ARCHBOLD: *South Africa. They had to figure out—.*
- GAINER: Which is what my colleague is writing about. We're looking at that question as well. How do you do this, the definition in the first instance.
- ARCHBOLD: *Who actually owns the land.*
- GAINER: You can get into these bigger questions for sure.
- ARCHBOLD: *Absolutely. Where in another jurisdiction if you were to say—the range is from, yes some country in a third-world set of circumstances or in the case of Cambodia or other countries which have survived a significant civil war and having to really rebuild land ownership because all the prior records were destroyed, nobody knows who has what. The continuum is you could take our technology and put it into another Canadian province—that would be a relatively—I'll say relatively simple task or it becomes a tool at the end of this significant legal reform process.*
- GAINER: Yes.
- ARCHBOLD: *The ranges of—.*
- HILDEBRANDT: *—even when you look at making our system available for different first nations, it is after there is a huge amount of legislative reform.*
- GAINER: Once there has been some agreement on the actual tenure and ownership of land, that's when you can—.
- ARCHBOLD: *You even have to—.*
- HILDEBRANDT: *We can help with that; it is a huge investment.*
- ARCHBOLD: *The first task is to really ask what is it that we're trying to achieve and is there legitimate political support for doing that. If it is yes we want everybody to have property rights in a manner that is similar to British Columbia or similar to using the Commonwealth legal structure then good, we can develop that. But if there is no real willingness to doing that then it falls apart very quickly.*
- GAINER: Yes, we see that.

ARCHBOLD: *That's funny—.*

HILDEBRANDT: *It is a huge amount of investment.*

ARCHBOLD: *Absolutely, at the end of the day the goal of providing certainty becomes an elusive one. You see what you would think to be sometimes smaller countries or jurisdictions come and talk to us. We start to poke at it a bit and you realize that again it is a legal reform exercise.*

GAINER: They're not at the operational stage yet.

ARCHBOLD: *Don't get captured by our "blinkly" lights because they're not the solution that really is going to get you to where you would like to be.*

HILDEBRANDT: *In doing that there are going to be winners and losers. There has to be the political—.*

ARCHBOLD: *Totally.*

HILDEBRANDT: *It is hard to imagine that it would happen again anywhere.*

GAINER: Unless there is anything—.

HILDEBRANDT: *Partly why this was successful is that we had the energy and the interest in this, a real intellectual interest in this. I'm very interested in your work. Your questions have been really good.*

ARCHBOLD: *Yes.*

GAINER: That's always encouraging.

ARCHBOLD: *You're asking the right questions.*

GAINER: Unless there is anything else you'd like to add, anything I've missed that you think is important you've answered my questions.

ARCHBOLD: *Hopefully this has been helpful.*

GAINER: Fantastic, thank you both so much.