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WORKSHOP ON LAND MARKETS

Report prepared by the delegation of Hungary in cooperation with the secretariat

Introduction

1. The workshop on land markets took place in Budapest (Hungary) from 30 November to 2 December 1998. It was organized by the Hungarian Society of Surveying, Mapping and Remote Sensing in cooperation with the Ministry of Agriculture and Regional Development of Hungary.
2. Representatives of the following countries participated: Albania, Austria, Bosnia and Herzegovina, Croatia, Czech Republic, Denmark, Finland, Germany, Hungary, Latvia, Lithuania, Netherlands, Norway, Poland, Romania, Russian Federation, Slovenia, Spain, Sweden, United Kingdom and United States of America. Representatives of the ECE secretariat, the United Nations Centre for Human Settlements (Habitat) and the World Bank also took part.
3. At the official opening, Mr. L. JÓJÁRT, Deputy State Secretary, Ministry of Agriculture and Regional Development of Hungary, underlined the key role that land administration played in establishing land markets. He further stressed that efficient land administration was a strategic issue for a country's economic development.
4. Mr. P. SÁNDY, representing the Habitat office in Budapest, reported on the importance of land administration for human settlements development.

5. Mr. H. ONSRUD, Chairman of the ECE Meeting of Officials on Land Administration, and Mr. G. VINOGRADOV, Secretary, reported on the Meeting's activities and its programme of work, with particular reference to land markets and security of tenure.

6. The following participants were elected Chairpersons and Vice-Chairpersons: (a) session I on land market: Mr. VAN DER MOLEN (Netherlands), Mr. A. OSSKÓ (Hungary); Mr. C. CSÁKI (World Bank), Mr. V. KISLOV (Russian Federation), Mr. G. MUGGENHUBER (Austria) and Mr. J. VAZQUEZ-CARO (World Bank); (b) session on education and training: Mr. H. ONSRUD (Norway), Mr. B. MÁRKUS (Hungary); Mr. J. RYTTERSGAARD (Denmark), Mr. G. BUSICS (Hungary), Mr. J. PETCH (United Kingdom) and Mr. L. KIS-PAPP (Hungary).

7. The following reports were presented and discussed:

Topic I: Land markets

- Mr. J. WOLTERS (Denmark) on the development of land markets in Denmark;
- Mr. J. RODRIGUES (Spain) on legislation for land market development;
- Mr. VAN DER MOLEN and Mr. J. SONNENBERG (Netherlands) on land market development - the Netherlands experience;
- Mr. B. MIKUTA (Lithuania) on Lithuania's real property market;
- Mr. G. MUGGENHUBER, Mr. M. THURNER (Austria) and Ms. E. HEGEDÜS (Hungary) on real estate markets in central and eastern Europe;
- Mr. J. VAZQUEZ-CARO on global challenges;
- Mr. T. BOGAERTS (Netherlands) on bottlenecks in the land market in countries in transition;
- Mr. VAN DER MOLEN on land administration for good governance;
- Mr. J. MANTHORPE (United Kingdom) on the ECE Land Administration Inventory.

Topic II: Education and training

- Mr. J. PETCH on trends in network-based distance education in spatial sciences;
- Mr. J. RYTTERSGAARD on spatial information management;
- Mr. G. BROWN (United Kingdom) on quality management issues - the Hungarian experience;
- Mr. R. LEDGER (United Kingdom) on European qualifications in geodetic surveying;
- Mr. B. MÁRKUS on building a knowledge pool for land administration;
- Mr. H. ONSRUD on a Norwegian draft law on cadastre;
- Mr. J. TAMÁS and Mr. J. NAGY (Hungary) on sustainable agriculture - a new course at the Agriculture University.

8. Technical visits were organized to the College of Surveying and Land Management (University of Sopron) and a county land office.

CONCLUSIONS AND RECOMMENDATIONS

9. The development of a land market goes hand in hand with the implementation of State policy on land administration and rational land use. For the countries with economies in transition, developing an effective land administration system is one of the most important instruments to raise living standards.

10. The workshop noted the integral nature of land administration in Hungary. Integrated land registration and cadastre, including land use and land valuation, has many advantages in view of its flexible multi-purpose application. It contributes more effectively to a country's social stability and economic competitiveness.

Strategic aspects of land markets

11. Governments have an important role to play in establishing and encouraging a sound real property market.

12. Access to land, security of tenure, conveyance of rights in rem are heavily dependent on land administration.

13. It is up to the authorities to provide transparent procedures for the delivery and transfer of real estate.

14. Land administration facilitates the application of legal instruments by the government (especially at the local level).

15. Land administration helps to monitor the development process (especially at the parcel level) and thereby contributes to effective government operations.

16. Real property markets could be developed in parallel with other sectors and actors: the banking sector, lawyers, notaries, land administration institutions.

17. Land markets imply not only property rights, but also land-use rights.

18. Transactions in real property are economically important, not only in themselves, but also because they are followed by investments.

19. Governments should be aware of the effect on the land market of any restrictions or limitations on it and of the liberalization of fiscal policies (land tax).

20. Land administration is a prerequisite for good governance.

21. A well functioning land administration system lends legitimacy to the government's management of public property.

Policy aspects of land markets

22. Land tenure is defined as institutional structures (social, economic, political) that determine how individuals and groups can secure access to the productive capacity of the land.

23. The programme of land privatization in countries in transition has not progressed as quickly as expected. Real property transfer has proved difficult and slow in most east European countries. In the Commonwealth of Independent States, discussions continue on whether agricultural land should be transferred.

24. In the western countries, taxing real property is increasingly becoming a political issue, since (a) taxing labour is becoming more complicated and (b) environmental pollution might be limited by imposing taxes on water, heating and sewage systems. Land taxes on real property are in most countries only a small share of total tax revenue. Land taxation may cause difficulties in countries in transition: it may discourage potential investors and deter potential owners from participating in the privatization process.

25. The land tenure structure in east European countries is often too segmented, which does not make for secure mortgages. A complicated tenure structure undermines profitable agricultural production as it reduces the creditworthiness of loan applicants. The ownership and the use of land as well as ownership of land and buildings is often separated, which causes legal difficulties for mortgaging.

26. The poor results of land privatization are evident in most east European countries. Besides lack of money, high inflation, a poor understanding of the mortgage system, backlogs on land registration and incomplete cadastral systems hamper the development of the land market.

27. Cooperation between the private and public sector in land administration (real estate agents, surveyors, lawyers, notaries) could be improved.

28. The importance of the supporting basic institutions (cadastre, land registry, mortgage institutions) for the land market is not sufficiently understood in countries in transition. The establishment of an infrastructure to support the land market should continue in cooperation with the parties servicing the land market (public authorities, real estate agents, lawyers, surveyors, notaries).

29. A programme should be launched to inform politicians, owners and users of the importance of an efficient land market as a basis for a healthy economy to the benefit of individuals and the country. The Meeting of Officials on Land Administration's Statement on Social and Economic Benefits of Good Land Administration (HBP/1998/8), recently adopted by the Committee on Human Settlements, could be the basis for this programme.

30. Taxation of real property and fees for the sale or transfer of land should be kept down in the present first phase of the privatization process.

Land markets and information technology

31. Information technology is a tool which should be considered in the organizational context of land administration development.

32. Useability may be improved by an appropriate sizing of the information technology systems, design of work processes and education of the staff.

33. Information technology systems manage data and in land administration data modelling and the appropriate use of data are important issues. Information technology offers opportunities for continuous operations.

34. The availability of information technology is no longer a hindrance for land administration development in countries in transition, and more attention should be given to the institutional, managerial and political issues.

Legal framework for land markets

35. A legal framework is essential for the establishment of a 'healthy' land market. Legislation on landownership and land use, security of tenure, land markets, and the use of land information exists as a family of laws, which comprises private law as well as public law.

36. Legal regulations at different administrative levels must be consistent and cover all essential issues related to land markets.

37. A comprehensive set of legal regulations on land markets should be prepared and adopted in countries in transition.

Education and training

38. The main problems in regard to the current situation in countries in transition are:

- Training of land management staff (private and public) aims at specialization in technical skills rather than general skills;
- There is too much focus on highly technical matters;
- There is a lack of training in the legal, economic, management, human and ethical aspects of land administration;
- There is no user-oriented approach to education;
- There is a lack of continuity in education between universities and professional training centres, and a lack of appropriate linkage between them.

39. The consensus in the new environment of a market economy with a rapid increase in the application of modern technology in the workplace and in education, is that:

- Professionals need a mix of technical, managerial and sociological education with training in the transferable skills of communication, problem-solving and "learning to learn";
- The education sector needs to adapt so as to manage for change and to inculcate this approach in its students;
- Educational and professional sectors need to become more user-oriented;
- Education structures and methods should adapt to new technologies;
- There is a need to address issues of transferability of professionals across the ECE region.

40. The Meeting of Officials on Land Administration should facilitate:

- The inclusion of significant elements of management, law, economics and transferable skills in curricula;
- A user-oriented approach to education, professional practice and professional development;
- The establishment of structures and programmes for lifelong learning based on the skills of "learning to learn";
- The use of new educational technologies;
- The inclusion of an educational component in international assistance programmes related to land administration;
- The recognition of land administration within spatial information management.

Institutional and organizational aspects

41. There is a great variety of possibilities for private-public organizational and institutional arrangements in countries in transition. Transaction costs and overall efficiency depend on these arrangements. Transaction costs are currently high in comparison with the value of land.

42. The workshop concluded that:

- The development of land markets critically depends on the strategic cooperation of private and public institutions. Lack of cooperation implies higher transaction costs or impedes market operations;
- Public land administration institutions develop more slowly in certain countries and this may hold back any improvement of the market in the ECE region as such;
- Information technology is central for the development of land administration systems. In fact, in some cases it has enabled the integration of information without organizational restructuring;
- The lack of public recognition and protection of property rights is a major constraint to the development of land markets in many countries in transition.

43. The workshop recommends:

- That business strategy, information technology, operation systems, and work processes should be consistent;
- That the level of precision of land and aerial surveys should correspond to actual needs and cost-effectiveness;
- That, since customer satisfaction is among others related to service performance, it should be ensured through standards and institution's commitments. These standards may be set out in a "citizen's charter", for instance.

44. The Meeting of Officials on Land Administration was invited to study the current problems with land registration in urban areas (especially related to shared property and condominiums).